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## Section 1: 8-K (FORM 8-K)

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

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**FORM 8-K**

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**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event Reported): January 23, 2018

**HANMI FINANCIAL CORPORATION**  
(Exact Name of Registrant as Specified in Charter)

**Delaware**  
(State or Other Jurisdiction of Incorporation)

**000-30421**  
(Commission File Number)

**95-4788120**  
(I.R.S. Employer Identification Number)

**3660 Wilshire Boulevard, PH-A, Los Angeles, California 90010**  
(Address of Principal Executive Offices) (Zip Code)

**(213) 382-2200**  
(Registrant's telephone number, including area code)

**Not Applicable**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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## **Item 2.02. Results of Operations and Financial Condition.**

This information set forth under “Item 2.02. Results of Operations and Financial Condition,” including Exhibit 99.1 attached hereto, shall not be deemed “filed” for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing.

On January 23, 2018, Hanmi Financial Corporation (“Hanmi Financial”) issued a press release announcing its financial results for the quarter ended December 31, 2017. A copy of the press release is attached as Exhibit 99.1 to this Form 8-K.

## **Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

99.1 Press release issued by Hanmi Financial dated January 23, 2018.

## **Forward-Looking Statements**

This press release contains forward-looking statements, which are included in accordance with the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “could,” “expects,” “plans,” “intends,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” or “continue,” or the negative of such terms and other comparable terminology. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. All statements other than statements of historical fact are “forward-looking statements” for purposes of federal and state securities laws, including, but not limited to, statements about anticipated future operating and financial performance, financial position and liquidity, business strategies, regulatory and competitive outlook, investment and expenditure plans, capital and financing needs and availability, plans and objectives of management for future operations, developments regarding our capital plans, strategic alternatives for a possible business combination, merger or sale transaction, and other similar forecasts and statements of expectation and statements of assumption underlying any of the foregoing. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ from those expressed or implied by the forward-looking statement. These factors include the following: failure to maintain adequate levels of capital and liquidity to support our operations; the effect of potential future supervisory action against us or Hanmi Bank; general economic and business conditions internationally, nationally and in those areas in which we operate; volatility and deterioration in the credit and equity markets; changes in consumer spending, borrowing and savings habits; availability of capital from private and government sources; demographic changes; competition for loans and deposits and failure to attract or retain loans and deposits; fluctuations in interest rates and a decline in the level of our interest rate spread; risks of natural disasters related to our real estate portfolio; risks associated with Small Business Administration loans; failure to attract or retain key employees; changes in governmental regulation, including, but not limited to, any increase in FDIC insurance premiums; ability of Hanmi Bank to make distributions to Hanmi Financial Corporation, which is restricted by certain factors, including Hanmi Bank’s retained earnings, net income, prior distributions made, and certain other financial tests; ability to identify a suitable strategic partner or to consummate a strategic transaction; adequacy of our allowance for loan and lease losses; credit quality and the effect of credit quality on our provision for loan and lease losses and allowance for loan and lease losses; changes in the financial performance and/or condition of our borrowers and the ability of our borrowers to perform under the terms of their loans and other terms of credit agreements; our ability to control expenses; and changes in securities markets. In addition, we set forth certain risks in our reports filed with the U.S. Securities and Exchange Commission, including, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2016, our Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K that we will file hereafter, which could cause actual results to differ from those projected. We undertake no obligation to update such forward-looking statements except as required by law.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**HANMI FINANCIAL CORPORATION**

Date: January 23, 2018

By: /s/ C. G. Kum  
C. G. Kum  
President and Chief Executive Officer

## EXHIBIT INDEX

| <b>Exhibit<br/>No.</b> | <b>Description</b>                      |
|------------------------|---|
| <a href="#">99.1</a>   | Press release, dated January 23, 2018.* |

\* Deemed “furnished” and not “filed” for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing.

[\(Back To Top\)](#)

## Section 2: EX-99.1 (PRESS RELEASE)

### EXHIBIT 99.1

#### Hanmi Reports Strong Fourth Quarter and Full Year Results Driven by Loan Growth and Expanding Net Interest Income

##### 2017 Fourth Quarter and Full Year Highlights:

- Fourth quarter net income of \$11.5 million, or \$0.36 per diluted share
  - Income tax expense for the quarter and year reflects a charge of \$3.9 million, or \$0.12 per diluted share, from the re-measurement of deferred tax assets due to the change in the Federal corporate tax rate signed into law on December 22, 2017.
- Fourth quarter net interest income increased to \$46.3 million, up 3.2% from the prior quarter; Net interest income for the year was \$176.8 million, up 10.4%.
- Fourth quarter net interest margin, on a taxable equivalent basis, was 3.79%, unchanged from prior quarter and compares to 3.96% from a year ago
- Loans and leases receivable of \$4.3 billion, up 10.4% in the fourth quarter on an annualized basis driven by new loan and lease production of \$262.4 million; Loans and leases receivable up 12.0% year-over-year.
- Deposits of \$4.3 billion, up 4.8% in the fourth quarter on an annualized basis; Total deposits were up 14.1% year-over-year.
- Efficiency ratio for the fourth quarter and 2017 full year was 54.2% and 54.3%, respectively.

LOS ANGELES, Jan. 23, 2018 (GLOBE NEWSWIRE) -- Hanmi Financial Corporation (NASDAQ:HAFC) (or “Hanmi”), the parent company of Hanmi Bank (the “Bank”) today reported net income for the 2017 fourth quarter of \$11.5 million or \$0.36 per diluted share, compared with \$14.9 million, or \$0.46 per diluted share for the 2017 third quarter and \$14.4 million, or \$0.45 per diluted share for the 2016 fourth quarter.

For the 2017 year, net income was \$54.7 million, or \$1.69 per diluted share, compared with \$56.5 million, or \$1.75 per diluted share, for 2016.

On December 22, 2017, the Tax Cuts and Jobs Act (the “Tax Reform Act”) was enacted into law. Beginning in 2018, the Tax Reform Act reduces the Federal tax rate for corporations from 35% to 21% and changes or limits certain tax deductions. As a result of the lower corporate tax rate, during the fourth quarter of 2017, Hanmi recorded a one-time revaluation adjustment of \$3.9 million to reduce its deferred tax assets, which increased income tax expense and reduced fourth quarter and full year earnings by approximately \$0.12 per diluted share.

Mr. C. G. Kum, President and Chief Executive Officer, said, “Hanmi’s excellent fourth quarter results concluded another year of

safe and profitable growth for the Bank. I am pleased to report that the strong growth of the Loan and lease portfolio in 2017, continuing our trend of double-digit growth, was the primary driver of our top line revenue expansion. Our ability to sustain this growth trajectory in 2018 and beyond has strengthened with the fourth quarter opening of a de novo branch in the vibrant New York/New Jersey market. Importantly, the mix of our earning assets continue to improve as we ended 2017 with Commercial Real Estate loans constituting 71.2% of the total loan portfolio as compared to 76.3% at year-end 2016.”

Mr. Kum continued, “Cost effective deposit gathering was challenging in the Asian American market in 2017. We, however, were able to increase deposits 14% and, at the same time, maintain a stable net interest margin in 2017. Finally, even after accounting for the additional income tax provision stemming from the revaluation of our deferred tax assets, Hanmi’s 2017 net income represented an attractive full year return on average assets of 1.10%.”

### Quarterly Highlights

(in thousands, except per share data)

|   | As of or For the Three Months Ended |                 |                 |                 | Amount Change   |                    |                    |
|---|-------------------------------------|-----------------|-----------------|-----------------|-----------------|--------------------|--------------------|
|   | Dec 31,<br>2017                     | Sep 30,<br>2017 | Jun 30,<br>2017 | Mar 31,<br>2017 | Dec 31,<br>2016 | Q4-17<br>vs. Q3-17 | Q4-17<br>vs. Q4-16 |
| Net income  | \$ 11,500                           | \$ 14,923       | \$ 14,457       | \$ 13,783       | \$ 14,416       | \$ (3,423)         | \$ (2,916)         |
| Net income per diluted common share                                 | \$ 0.36                             | \$ 0.46         | \$ 0.45         | \$ 0.43         | \$ 0.45         | \$ (0.10)          | \$ (0.09)          |
| Assets  | \$ 5,210,485                        | \$ 5,111,396    | \$ 4,973,346    | \$ 4,811,821    | \$ 4,701,346    | \$ 99,089          | \$ 509,139         |
| Loans and leases receivable   | \$ 4,304,458                        | \$ 4,195,355    | \$ 4,073,062    | \$ 3,943,951    | \$ 3,844,769    | \$ 109,103         | \$ 459,689         |
| Deposits  | \$ 4,348,654                        | \$ 4,299,010    | \$ 4,259,173    | \$ 4,083,165    | \$ 3,809,737    | \$ 49,644          | \$ 538,917         |
| Return on average assets  | 0.88%                               | 1.18%           | 1.19%           | 1.18%           | 1.26%           | -0.29              | -0.38              |
| Return on average stockholders' equity                              | 8.12%                               | 10.73%          | 10.65%          | 10.46%          | 10.84%          | -2.61              | -2.72              |
| Net interest margin <sup>(1)</sup>                                  | 3.79%                               | 3.79%           | 3.81%           | 3.89%           | 3.96%           | 0.00               | -0.17              |
| Net interest margin excluding acquisition accounting <sup>(2)</sup> | 3.76%                               | 3.76%           | 3.76%           | 3.84%           | 3.86%           | 0.00               | -0.10              |
| Efficiency ratio <sup>(3)</sup>                                     | 54.16%                              | 53.33%          | 54.74%          | 54.95%          | 51.77%          | 0.83               | 2.38               |
| Efficiency ratio excluding merger and integration costs             | 54.16%                              | 53.33%          | 54.75%          | 55.01%          | 51.15%          | 0.83               | 3.01               |
| Tangible common equity to tangible assets <sup>(2)</sup>            | 10.58%                              | 10.72%          | 10.83%          | 10.98%          | 11.05%          | -0.14              | -0.47              |
| Tangible common equity per common share <sup>(2)</sup>              | \$ 16.96                            | \$ 16.86        | \$ 16.59        | \$ 16.26        | \$ 16.03        | \$ 0.09            | \$ 0.93            |

<sup>(1)</sup> Amounts calculated on a fully taxable equivalent basis using the statutory federal tax rate of 35%.

<sup>(2)</sup> Refer to "Non-GAAP Financial Measures" for further

details.

(3) *Noninterest expense divided  
by net interest income plus  
noninterest income*

## Results of Operations

Fourth quarter 2017 net interest income increased 3.2% to \$46.3 million from \$44.9 million in the third quarter reflecting the solid expansion of loans and leases receivables. Average loans and leases grew 3.3% quarter-over-quarter. On a year-over-year basis, fourth quarter net interest income was up 10.2% from \$42.1 million last year.

Net interest income of \$176.8 million for the full year in 2017 increased 10.4% compared with \$160.2 million for the full year in 2016. The year-over-year improvement in net interest income reflects the 18.0% growth in average loans and leases.

|  | For the Three Months Ended (in thousands) |                 |                 |                 | Percentage Change |                    |                    |
|--|---|-----------------|-----------------|-----------------|-------------------|--------------------|--------------------|
|  | Dec 31,<br>2017                           | Sep 30,<br>2017 | Jun 30,<br>2017 | Mar 31,<br>2017 | Dec 31,<br>2016   | Q4-17<br>vs. Q3-17 | Q4-17<br>vs. Q4-16 |
| <b>Net Interest Income</b>                           |   |                 |                 |                 |                   |                    |                    |
| Interest and fees on loans and leases <sup>(1)</sup> | \$ 52,176                                 | \$ 50,265       | \$ 47,971       | \$ 45,378       | \$ 43,780         | 3.8%               | 19.2%              |
| Interest on securities                               | 3,194                                     | 3,188           | 2,949           | 2,520           | 2,550             | 0.2%               | 25.3%              |
| Dividends on FHLB stock                              | 289                                       | 286             | 283             | 374             | 927               | 1.0%               | -68.8%             |
| Interest on deposits in other banks                  | 125                                       | 123             | 123             | 77              | 55                | 1.6%               | 127.3%             |
| Total interest and dividend income                   | 55,784                                    | 53,862          | 51,326          | 48,349          | 47,312            | 3.6%               | 17.9%              |
| Interest on deposits                                 | 7,402                                     | 7,071           | 6,463           | 5,154           | 4,799             | 4.7%               | 54.2%              |
| Interest on borrowings                               | 363                                       | 198             | 49              | 468             | 207               | 83.3%              | 75.4%              |
| Interest on subordinated debentures                  | 1,676                                     | 1,667           | 1,636           | 373             | 241               | 0.5%               | 595.4%             |
| Total interest expense                               | 9,441                                     | 8,936           | 8,148           | 5,995           | 5,247             | 5.7%               | 79.9%              |
| Net interest income                                  | \$ 46,343                                 | \$ 44,926       | \$ 43,178       | \$ 42,354       | \$ 42,065         | 3.2%               | 10.2%              |

(1) *Includes loans held for sale.*

Net interest margin (on a taxable equivalent basis) for the fourth quarter of 2017 was 3.79%, unchanged from the prior quarter as loan yields increased by 3 basis points and cost of deposits increased by 2 basis points. Compared to the fourth quarter a year ago, net interest margin declined by 17 basis points, principally reflecting the subordinated debt issuance in the first quarter of 2017.

For the full year of 2017, net interest margin was 3.82% compared with 3.95% a year ago. Excluding acquisition accounting, the net interest margin was little-changed year-over-year at 3.78% and 3.79% respectively.

|  | For the Three Months Ended (in thousands) |                 |                 |                 | Percentage Change |                    |                    |
|--|---|-----------------|-----------------|-----------------|-------------------|--------------------|--------------------|
|  | Dec 31,<br>2017                           | Sep 30,<br>2017 | Jun 30,<br>2017 | Mar 31,<br>2017 | Dec 31,<br>2016   | Q4-17<br>vs. Q3-17 | Q4-17<br>vs. Q4-16 |
| <b>Average Earning Assets<br/>and Interest-bearing<br/>Liabilities</b> |   |                 |                 |                 |                   |                    |                    |
| Loans and lease receivables <sup>(1)</sup>                             | \$ 4,227,259                              | \$ 4,092,131    | \$ 3,951,934    | \$ 3,881,686    | \$ 3,690,955      | 3.3%               | 14.5%              |
| Securities   | 611,181                                   | 611,538         | 585,384         | 526,549         | 530,241           | -0.1%              | 15.3%              |
| FHLB stock   | 16,385                                    | 16,385          | 16,385          | 16,385          | 16,385            | 0.0%               | 0.0%               |
| Interest-bearing deposits in   |   |                 |                 |                 |                   |                    |                    |

|                                      |                     |                     |                    |                    |                    |       |        |
|--------------------------------------|---------------------|---------------------|--------------------|--------------------|--------------------|-------|--------|
| other banks                          | 36,386              | 38,981              | 47,402             | 38,600             | 40,548             | -6.7% | -10.3% |
| Average interest-earning assets      | <u>\$ 4,891,211</u> | <u>\$ 4,759,035</u> | <u>\$4,601,105</u> | <u>\$4,463,220</u> | <u>\$4,278,129</u> | 2.8%  | 14.3%  |
| Demand: interest-bearing             | \$ 90,646           | \$ 90,720           | \$ 93,873          | \$ 97,602          | \$ 95,399          | -0.1% | -5.0%  |
| Money market and savings             | 1,513,408           | 1,526,951           | 1,532,733          | 1,406,903          | 1,305,565          | -0.9% | 15.9%  |
| Time deposits                        | 1,408,227           | 1,384,724           | 1,320,005          | 1,173,184          | 1,165,828          | 1.7%  | 20.8%  |
| Average interest-bearing deposits    | 3,012,281           | 3,002,395           | 2,946,611          | 2,677,689          | 2,566,792          | 0.3%  | 17.4%  |
| Borrowings                           | 119,946             | 67,935              | 20,000             | 270,500            | 174,674            | 76.6% | -31.3% |
| Subordinated debentures              | 117,198             | 117,065             | 116,850            | 30,950             | 18,919             | 0.1%  | 519.5% |
| Average interest-bearing liabilities | <u>\$ 3,249,425</u> | <u>\$ 3,187,395</u> | <u>\$3,083,461</u> | <u>\$2,979,139</u> | <u>\$2,760,385</u> | 1.9%  | 17.7%  |

|  | For the Three Months Ended |                 |                 |                 |                 | Amount Change         |                    |
|--|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------------|--------------------|
|  | Dec 31,<br>2017            | Sep 30,<br>2017 | Jun 31,<br>2017 | Mar 31,<br>2016 | Dec 31,<br>2016 | Q4-17<br>vs.<br>Q3-17 | Q4-17<br>vs. Q4-16 |
| <b>Average Yields and Rates</b>                |                            |                 |                 |                 |                 |                       |                    |
| Loans and lease receivables <sup>(1)</sup>     | 4.90%                      | 4.87%           | 4.87%           | 4.74%           | 4.72%           | 0.03                  | 0.18               |
| Securities <sup>(2)</sup>                      | 2.37%                      | 2.41%           | 2.35%           | 2.30%           | 2.31%           | 0.04                  | 0.06               |
| FHLB stock                                     | 7.00%                      | 6.93%           | 6.93%           | 9.26%           | 22.63%          | 0.07                  | 15.63              |
| Interest-bearing deposits in other banks       | 1.36%                      | 1.25%           | 1.04%           | 0.81%           | 0.54%           | 0.11                  | 0.82               |
| Interest-earning assets                        | 4.56%                      | 4.53%           | 4.52%           | 4.44%           | 4.45%           | 0.03                  | 0.11               |
| Interest-bearing deposits                      | 0.97%                      | 0.93%           | 0.88%           | 0.78%           | 0.74%           | 0.04                  | 0.23               |
| Borrowings                                     | 1.20%                      | 1.16%           | 0.98%           | 0.70%           | 0.47%           | 0.04                  | 0.73               |
| Subordinated debentures                        | 5.70%                      | 5.68%           | 5.59%           | 4.82%           | 5.07%           | 0.02                  | 0.63               |
| Interest-bearing liabilities                   | 1.15%                      | 1.11%           | 1.06%           | 0.82%           | 0.76%           | 0.04                  | 0.39               |
| Net interest margin (taxable equivalent basis) | 3.79%                      | 3.79%           | 3.81%           | 3.89%           | 3.96%           | 0.00                  | -0.17              |
| Cost of deposits                               | 0.68%                      | 0.66%           | 0.62%           | 0.54%           | 0.50%           | 0.02                  | 0.18               |

<sup>(1)</sup> Includes loans held for sale.

<sup>(2)</sup> Amounts calculated on a fully taxable equivalent basis using the statutory federal tax rate of 35%.

For the fourth quarter of 2017, Hanmi recorded a provision for loan losses of \$0.2 million compared with \$0.3 million for the preceding quarter.

For the full year of 2017, Hanmi recorded a provision for loan losses of \$0.8 million, compared with a negative loan loss provision of \$4.3 million for the full year of 2016.

Fourth quarter noninterest income decreased 12.9% to \$7.7 million from \$8.8 million for the third quarter of 2017 primarily due to a \$0.9 million decrease in disposition gains on PCI loans and a \$0.5 million decrease in gains on sales of SBA loans. Gains on sales of SBA loans were \$2.1 million for the fourth quarter 2017, down from \$2.5 million from the third quarter of 2017 as the volume of SBA loans sold decreased to \$27.5 million from \$32.5 million for the preceding quarter. Disposition gains on PCI loans were \$0.1 million for the fourth quarter of 2017, compared with \$1.0 million for the prior quarter. PCI loans from the 2014 acquisition were \$7.7 million at the end of the fourth quarter of 2017, down 11.0% from the prior quarter.

For the year ended 2017, noninterest income increased \$0.3 million, or 1.0%, to \$33.4 million from \$33.1 million for the same period last year primarily due to a \$2.7 million increase in gains on sales of SBA loans and a \$1.7 million increase in gains on sales of securities, partially offset by a \$3.2 million reduction in disposition gains on PCI loans. Disposition gains on PCI loans were \$1.8 million for the year ended 2017, compared with \$5.0 million for the year ended 2016. Gains on sales of SBA loans were \$8.7 million for the year ended 2017, compared with \$6.0 million for the year ended 2016 as the volume of SBA loans sold increased to \$112.0 million from \$84.9 million for the same period last year.

|  | For the Three Months Ended (in thousands) |                 |                 |                 |                 | Percentage Change  |                    |
|--|---|-----------------|-----------------|-----------------|-----------------|--------------------|--------------------|
|  | Dec 31,<br>2017                           | Sep 30,<br>2017 | Jun 30,<br>2017 | Mar 31,<br>2017 | Dec 31,<br>2016 | Q4-17<br>vs. Q3-17 | Q4-17<br>vs. Q4-16 |
| <b>Noninterest Income</b>                        |   |                 |                 |                 |                 |                    |                    |
| Service charges on deposit accounts              | \$ 2,729                                  | \$ 2,678        | \$ 2,461        | \$ 2,528        | \$ 2,599        | 1.9%               | 5.0%               |
| Trade finance and other service charges and fees | 1,047                                     | 1,133           | 1,269           | 1,047           | 1,132           | -7.6%              | -7.5%              |
| Other operating income                           | 1,485                                     | 1,213           | 1,826           | 1,726           | 991             | 22.4%              | 49.8%              |
| Service charges, fees & other                    | 5,261                                     | 5,024           | 5,556           | 5,301           | 4,722           | 4.7%               | 11.4%              |
| Gain on sale of SBA loans                        | 2,056                                     | 2,546           | 2,668           | 1,464           | 1,787           | -19.2%             | 15.1%              |
| Disposition gain on PCI loans                    | 91  | 979             | 540             | 183             | 1,559           | -90.7%             | -94.2%             |
| Net gain on sales of securities                  | 275                                       | 267             | 938             | 269             | -               | 3.0%               | 0.0%               |
| Total noninterest income                         | <u>\$ 7,683</u>                           | <u>\$ 8,816</u> | <u>\$ 9,702</u> | <u>\$ 7,217</u> | <u>\$ 8,068</u> | -12.9%             | -4.8%              |

Noninterest expense for the fourth quarter increased 2.1% to \$29.3 million from \$28.7 million for the third quarter primarily due to a \$0.3 million increase in professional fees and a \$0.3 million increase in salaries and employee benefits expense. As a result of the increase in noninterest expense, as well as lower noninterest income, the efficiency ratio increased to 54.2% in the fourth quarter from 53.3% in the prior quarter.

For the year ended 2017, noninterest expense increased \$5.9 million, or 5.4%, to \$114.1 million from \$108.2 million for the same period last year primarily due to increased salaries and employee benefits expense, higher data processing fees, and increased occupancy and equipment expense. As a result of the increase in noninterest expense, coupled with the improvements in revenue from the growth in earning assets, the efficiency ratio improved to 54.3% for the year ended 2017 from 56.0% for the year ended 2016.

|                            | For the Three Months Ended (in thousands) |                 |                 |                 |                 | Percentage Change  |                    |
|----------------------------|---|-----------------|-----------------|-----------------|-----------------|--------------------|--------------------|
|                            | Dec 31,<br>2017                           | Sep 30,<br>2017 | Jun 30,<br>2017 | Mar 31,<br>2017 | Dec 31,<br>2016 | Q4-17<br>vs. Q3-17 | Q4-17<br>vs. Q4-16 |
| <b>Noninterest Expense</b> |   |                 |                 |                 |                 |                    |                    |
| Salaries and benefits      | \$ 17,270                                 | \$ 16,947       | \$ 16,623       | \$ 17,104       | \$ 16,246       | 1.9%               | 6.3%               |
| Occupancy and equipment    | 3,997                                     | 3,883           | 3,878           | 3,982           | 3,641           | 2.9%               | 9.8%               |
| Data processing            | 1,812                                     | 1,779           | 1,738           | 1,631           | 1,455           | 1.9%               | 24.5%              |
| Professional fees          | 1,552                                     | 1,210           | 1,554           | 1,148           | 1,311           | 28.3%              | 18.4%              |
| Supplies and communication | 778                                       | 755             | 745             | 635             | 683             | 3.0%               | 13.9%              |
| Advertising and promotion  | 988                                       | 1,147           | 1,015           | 802             | 1,140           | -13.9%             | -13.3%             |
| Other operating expenses   | 2,961                                     | 2,955           | 2,881           | 2,070           | 1,825           | 0.2%               | 62.2%              |
| subtotal                   | <u>29,358</u>                             | <u>28,676</u>   | <u>28,434</u>   | <u>27,372</u>   | <u>26,301</u>   | 2.4%               | 11.6%              |



|                              |                  |                  |                  |                  |                  |        |         |
|------------------------------|------------------|------------------|------------------|------------------|------------------|--------|---------|
| OREO expense (income)        | (100)            | (16)             | 519              | (101)            | (658)            | 525.0% | -84.8%  |
| Merger and integration costs | -                | -                | (9)              | (31)             | 312              | 0.0%   | -100.0% |
| Total noninterest expense    | <u>\$ 29,258</u> | <u>\$ 28,660</u> | <u>\$ 28,944</u> | <u>\$ 27,240</u> | <u>\$ 25,955</u> | 2.1%   | 12.7%   |

Hanmi recorded a provision for income taxes of \$13.0 million for the fourth quarter of 2017, representing an effective tax rate of 53.2%, compared with \$9.9 million, representing an effective tax rate of 39.9%, for the preceding quarter. For the full year ended December 31, 2017 and 2016, Hanmi recorded a provision for income taxes of \$40.6 million and \$32.9 million, respectively, representing effective tax rates of 42.6% and 36.8%, respectively. As noted previously, included in the provision for the quarter and year was the additional income tax expense of \$3.9 million resulting from a one-time revaluation adjustment to reduce Hanmi's deferred tax assets due to the change in the Federal corporate tax rate to 21% from 35%. The effective tax rate, before the additional income tax expense, was 37.5% and 38.6% for the 2017 fourth quarter and year, respectively.

### Financial Position

Total assets were \$5.21 billion at December 31, 2017, a 2.0% increase from \$5.11 billion at September 30, 2017. The increase in total assets was primarily due to an increase in loans and leases receivable.

Loans and leases receivable, before the allowance for loan and lease losses, were \$4.30 billion at December 31, 2017, up 2.6% from \$4.20 billion at September 30, 2017. The increase in loans and leases from the prior quarter reflects Hanmi's continued strong loan production. Loans held for sale, representing the guaranteed portion of SBA loans, were \$6.4 million at December 31, 2017 compared with \$6.5 million at the end of the 2017 third quarter.

Loans and leases receivable, before the allowance for loan and lease losses, increased 12.0% from \$3.84 billion for the fourth quarter last year, primarily due to strong loan production over the last twelve months, as well as last year's fourth quarter acquisition and commencement of the Commercial Equipment Leasing division.

|                                     | As of (in thousands) |                     |                     |                     | Percentage Change   |                    |                    |
|-------------------------------------|----------------------|---------------------|---------------------|---------------------|---------------------|--------------------|--------------------|
|                                     | Dec 31,<br>2017      | Sep 30,<br>2017     | Jun 30,<br>2017     | Mar 31,<br>2017     | Dec 31,<br>2016     | Q4-17<br>vs. Q3-17 | Q4-17<br>vs. Q4-16 |
| <b>Loan and Lease Portfolio</b>     |                      |                     |                     |                     |                     |                    |                    |
| Commercial real estate loans        | \$ 3,069,063         | \$ 3,108,931        | \$ 3,068,069        | \$ 2,991,123        | \$ 2,939,608        | -1.3%              | 4.4%               |
| Residential real estate loans       | 521,852              | 430,627             | 384,044             | 359,152             | 338,767             | 21.2%              | 54.0%              |
| Commercial and industrial loans     | 399,197              | 364,456             | 346,150             | 316,284             | 300,220             | 9.5%               | 33.0%              |
| Lease receivable                    | 297,286              | 272,271             | 257,525             | 259,591             | 243,294             | 9.2%               | 22.2%              |
| Consumer loans                      | 17,060               | 19,070              | 17,274              | 17,801              | 22,880              | -10.5%             | -25.4%             |
| Loans and leases receivable         | 4,304,458            | 4,195,355           | 4,073,062           | 3,943,951           | 3,844,769           | 2.6%               | 12.0%              |
| Loans held for sale                 | 6,394                | 6,469               | 10,949              | 8,849               | 9,316               | -1.2%              | -31.4%             |
| Total loans                         | <u>\$ 4,310,852</u>  | <u>\$ 4,201,824</u> | <u>\$ 4,084,011</u> | <u>\$ 3,952,800</u> | <u>\$ 3,854,085</u> | 2.6%               | 11.9%              |
| <b>Acquired Loans<sup>(1)</sup></b> |                      |                     |                     |                     |                     |                    |                    |
| PCI loans, net of discounts         | \$ 7,748             | \$ 8,704            | \$ 8,784            | \$ 8,960            | \$ 9,863            | -11.0%             | -21.4%             |
| Non-PCI loans, net of discounts     | 83,456               | 91,013              | 96,600              | 101,062             | 104,733             | -8.3%              | -20.3%             |
| Total acquired loans                | <u>\$ 91,204</u>     | <u>\$ 99,717</u>    | <u>\$ 105,384</u>   | <u>\$ 110,022</u>   | <u>\$ 114,596</u>   | -8.5%              | -20.4%             |

<sup>(1)</sup> Includes UCB acquired only.

New loan production for the 2017 fourth quarter was \$262.4 million while payoffs and amortization was \$222.2 million compared with \$220.4 million and \$145.4 million for the third quarter of 2017. Fourth quarter 2017 new loan production was comprised of

\$117.0 million of commercial real estate loans, \$47.7 million of commercial and industrial loans, \$43.5 million of SBA loans, \$52.4 million of commercial leases and \$1.8 million of consumer loans. Loan purchases for the 2017 fourth quarter were \$105.0 million, compared with \$88.2 million in the third quarter of 2017. For the fourth quarter of 2017, commercial real estate loans as a percentage of total loans and leases decreased to 71.3% compared with 76.5% for the same period last year.

Deposits increased to \$4.35 billion at the end of the 2017 fourth quarter from \$4.30 billion at the end of the preceding quarter. Time deposits and noninterest-bearing demand deposits led this growth. The loans to deposits ratio at December 31, 2017 increased to 99.0% from 97.6% at September 30, 2017.

Deposits increased 14.1% from \$3.81 billion in the fourth quarter last year, primarily due to the strength of Hanmi's retail branch network as time deposits increased 20.0% and money market and savings deposits increased 14.9% from a year ago.

|                                      | As of (in thousands) |                    |                    |                    | Percentage Change  |                    |                    |
|--------------------------------------|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                      | Dec 31,<br>2017      | Sep 30,<br>2017    | Jun 30,<br>2017    | Mar 31,<br>2017    | Dec 31,<br>2016    | Q4-17<br>vs. Q3-17 | Q4-17<br>vs. Q4-16 |
| <b>Deposit Portfolio</b>             |                      |                    |                    |                    |                    |                    |                    |
| Demand: noninterest-bearing          | \$1,312,274          | \$1,293,538        | \$1,260,929        | \$1,241,272        | \$1,203,240        | 1.4%               | 9.1%               |
| Demand: interest-bearing             | 92,948               | 90,734             | 93,390             | 99,433             | 96,856             | 2.4%               | -4.0%              |
| Money market and savings             | 1,527,100            | 1,534,457          | 1,528,127          | 1,534,578          | 1,329,324          | -0.5%              | 14.9%              |
| Time deposits of \$250,000 or less   | 954,104              | 949,826            | 916,197            | 731,445            | 734,383            | 0.5%               | 29.9%              |
| Time deposits of more than \$250,000 | 462,228              | 430,455            | 460,530            | 476,437            | 445,934            | 7.4%               | 3.7%               |
| Total deposits                       | <u>\$4,348,654</u>   | <u>\$4,299,010</u> | <u>\$4,259,173</u> | <u>\$4,083,165</u> | <u>\$3,809,737</u> | 1.2%               | 14.1%              |

At December 31, 2017, stockholders' equity was \$562.5 million, compared with \$559.2 million at September 30, 2017. Tangible common stockholders' equity was \$549.9 million, or 10.58% of tangible assets, compared with \$546.6 million, or 10.72% of tangible assets at September 30, 2017. Tangible book value per share was \$16.96, compared to \$16.86 in the third quarter.

Hanmi continues to be well capitalized, with a preliminary Tier 1 risk-based capital ratio of 12.41% and a Total risk-based capital ratio of 15.32% at December 31, 2017, versus 12.56% and 15.58%, respectively, at September 30, 2017.

|  | As of           |                 |                 |                 |                 | Amount Change      |                    |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|--------------------|--------------------|
|  | Dec 31,<br>2017 | Sep 30,<br>2017 | Jun 30,<br>2017 | Mar 31,<br>2017 | Dec 31,<br>2016 | Q4-17<br>vs. Q3-17 | Q4-17<br>vs. Q4-16 |
| <b>Regulatory Capital ratios<sup>(1)</sup></b> |                 |                 |                 |                 |                 |                    |                    |
| <b>Hanmi Financial</b>                         |                 |                 |                 |                 |                 |                    |                    |
| Total risk-based capital                       | 15.32%          | 15.58%          | 15.69%          | 16.16%          | 13.86%          | -0.26              | 1.46               |
| Tier 1 risk-based capital                      | 12.41%          | 12.56%          | 12.58%          | 12.93%          | 13.02%          | -0.15              | -0.61              |
| Common equity tier 1 capital                   | 12.05%          | 12.20%          | 12.22%          | 12.56%          | 12.73%          | -0.15              | -0.68              |
| Tier 1 leverage capital ratio                  | 10.79%          | 10.92%          | 11.08%          | 11.21%          | 11.53%          | -0.13              | -0.74              |
| <b>Hanmi Bank</b>                              |                 |                 |                 |                 |                 |                    |                    |
| Total risk-based capital                       | 15.16%          | 15.32%          | 15.44%          | 15.91%          | 13.64%          | -0.16              | 1.52               |
| Tier 1 risk-based capital                      | 14.44%          | 14.55%          | 14.62%          | 15.07%          | 12.80%          | -0.11              | 1.64               |
| Common equity tier 1 capital                   | 14.44%          | 14.55%          | 14.62%          | 15.07%          | 12.80%          | -0.11              | 1.64               |
| Tier 1 leverage capital ratio                  | 12.56%          | 12.66%          | 12.89%          | 13.08%          | 11.33%          | -0.10              | 1.23               |

<sup>(1)</sup> Preliminary ratios for December 31, 2017

During the quarter, Hanmi declared a cash dividend on its common stock for the 2017 fourth quarter of \$0.21 per common share,

in line from the prior quarter. The dividend was paid on November 20, 2017, to stockholders of record as of the close of business on October 30, 2017.

### Asset Quality

Nonperforming loans, excluding PCI loans, were \$15.8 million at the end of the fourth quarter of 2017, or 0.37% of loans, compared with \$14.6 million at the end of the third quarter of 2017, or 0.35% of loans. Loans past due 30 to 89 days and still accruing was 0.20% of loans at the end of the fourth quarter of 2017, compared with 0.12% of loans at the end of the third quarter.

OREO was \$1.9 million at the end of the fourth quarter of 2017, unchanged from the prior quarter. Nonperforming assets were \$17.8 million at the end of the fourth quarter of 2017, or 0.34% of assets, compared with 0.32% of assets at the end of the prior quarter.

Gross charge-offs for the fourth quarter of 2017 were \$2.6 million compared with \$2.4 million for the preceding quarter. Gross charge-offs included a \$1.3 million charge-off of a fully-reserved SBA loan originated in 2012. Recoveries of previously charged-off loans for the fourth quarter of 2017 were \$973,000 compared with \$871,000 for the preceding quarter. As a result, there were net charge-offs of \$1.7 million for the fourth quarter of 2017, or 0.16% of average loans and leases, compared to net charge-offs of \$1.5 million, or 0.15%, for the preceding quarter.

The allowance for loan and lease losses was \$31.0 million as of December 31, 2017, generating an allowance to receivable ratio of 0.72% compared with 0.77% as of September 30, 2017.

|   | As of or for the Three Months Ended (in thousands) |                 |                 |                 |                 | Amount Change          |                        |
|---|--|-----------------|-----------------|-----------------|-----------------|------------------------|------------------------|
|   | Dec 31,<br>2017                                    | Sep 30,<br>2017 | Jun 30,<br>2017 | Mar 31,<br>2017 | Dec 31,<br>2016 | Q4-17<br>vs. Q3-<br>17 | Q4-17<br>vs. Q4-<br>16 |
| <b>Asset Quality</b>                              |  |                 |                 |                 |                 |                        |                        |
| <b>Nonperforming assets <sup>(1)</sup>:</b>       |  |                 |                 |                 |                 |                        |                        |
| Nonaccrual loans                                  | \$15,805   | \$14,558        | \$16,464        | \$12,774        | \$11,406        | \$ 1,247               | \$ 4,399               |
| Loans 90 days or more past due and still accruing | -  | -               | -               | -               | -               | -                      | -                      |
| Nonperforming loans                               | 15,805   | 14,558          | 16,464          | 12,774          | 11,406          | 1,247                  | 4,399                  |
| OREO, net   | 1,946  | 1,946           | 4,321           | 4,636           | 7,484           | -                      | (5,538)                |
| Nonperforming assets                              | <u>\$17,751</u>                                    | <u>\$16,504</u> | <u>\$20,785</u> | <u>\$17,410</u> | <u>\$18,890</u> | <u>\$ 1,247</u>        | <u>\$ (1,139)</u>      |
| <b>Delinquent loans:</b>                          |  |                 |                 |                 |                 |                        |                        |
| Loans, 30 to 89 days past due and still accruing  | \$ 8,498   | \$ 4,993        | \$ 9,431        | \$ 6,273        | \$ 5,718        | \$ 3,505               | \$ 2,780               |
| Delinquent loans to loans                         | 0.20%  | 0.12%           | 0.23%           | 0.16%           | 0.15%           | 0.08                   | 0.05                   |
| <b>Allowance for loan and lease losses:</b>       |  |                 |                 |                 |                 |                        |                        |
| Balance at beginning of period                    | \$32,492   | \$33,758        | \$33,152        | \$32,429        | \$38,972        |                        |                        |
| Loan and lease loss provision (income)            | 220  | 269             | 422             | (80)            | 151             |                        |                        |
| Net loan charge-offs (recoveries)                 | 1,669  | 1,535           | (184)           | (803)           | 6,694           |                        |                        |
| Balance at end of period                          | <u>\$31,043</u>                                    | <u>\$32,492</u> | <u>\$33,758</u> | <u>\$33,152</u> | <u>\$32,429</u> |                        |                        |
| <b>Asset quality ratios:</b>                      |  |                 |                 |                 |                 |                        |                        |
| Nonperforming loans to loans <sup>(1)</sup>       | 0.37%  | 0.35%           | 0.41%           | 0.32%           | 0.30%           |                        |                        |
| Nonperforming assets to assets <sup>(1)</sup>     | 0.34%  | 0.32%           | 0.42%           | 0.36%           | 0.40%           |                        |                        |

|   |         |         |         |         |         |
|---|---------|---------|---------|---------|---------|
| Net loan charge-offs (recoveries) to average loans <sup>(3)</sup>   | 0.16%   | 0.15%   | -0.02%  | -0.08%  | 0.73%   |
| Allowance for loan losses to loans                                  | 0.72%   | 0.77%   | 0.83%   | 0.84%   | 0.84%   |
| Allowance for loan losses to nonperforming loans <sup>(1) (2)</sup> | 194.39% | 217.74% | 200.67% | 252.54% | 275.80% |

#### **Allowance for off-balance sheet items:**

|  |                 |               |                 |                 |                 |
|--|-----------------|---------------|-----------------|-----------------|-----------------|
| Balance at beginning of period                 | \$ 915          | \$ 1,135      | \$ 1,184        | \$ 1,184        | \$ 1,491        |
| Provision (income) for off-balance sheet items | 381             | (220)         | (49)            | -               | (307)           |
| Balance at end of period                       | <u>\$ 1,296</u> | <u>\$ 915</u> | <u>\$ 1,135</u> | <u>\$ 1,184</u> | <u>\$ 1,184</u> |

<sup>(1)</sup> Excludes PCI loans

<sup>(2)</sup> Excludes allowance for loan losses allocated to PCI loans

<sup>(3)</sup> Annualized

#### **Conference Call**

Management will host a conference call today, January 23, 2018 at 2:00 p.m. PT (5:00 p.m. ET) to discuss these results. This call will also be broadcast live via the internet. Investment professionals and all current and prospective stockholders are invited to access the live call by dialing 1-877-407-9039 before 2:00 p.m. PT, using access code HANMI. To listen to the call online, either live or archived, visit the Investor Relations page of Hanmi's website at [www.hanmi.com](http://www.hanmi.com).

#### **About Hanmi Financial Corporation**

Headquartered in Los Angeles, California, Hanmi Financial Corporation owns Hanmi Bank, which serves multi-ethnic communities through its network of 40 full-service branches and 8 loan production offices in California, Texas, Illinois, Virginia, New Jersey, New York, Colorado, Washington and Georgia. Hanmi Bank specializes in real estate, commercial, SBA and trade finance lending to small and middle market businesses. Additional information is available at [www.hanmi.com](http://www.hanmi.com).

#### **Forward-Looking Statements**

This press release contains forward-looking statements, which are included in accordance with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "could," "expects," "plans," "intends," "anticipates," "believes," "estimates," "predicts," "potential," or "continue," or the negative of such terms and other comparable terminology. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. All statements other than statements of historical fact are "forward-looking statements" for purposes of federal and state securities laws, including, but not limited to, statements about anticipated future operating and financial performance, financial position and liquidity, business strategies, regulatory and competitive outlook, investment and expenditure plans, capital and financing needs and availability, plans and objectives of management for future operations, developments regarding our capital plans, strategic alternatives for a possible business combination, merger or sale transaction, and other similar forecasts and statements of expectation and statements of assumption underlying any of the foregoing. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ from those expressed or implied by the forward-looking statement. These factors include the following: failure to maintain adequate levels of capital and liquidity to support our operations; the effect of potential future supervisory action against us or Hanmi Bank; general economic and business conditions internationally, nationally and in those areas in which we operate; volatility and deterioration in the credit and equity markets; changes in consumer spending, borrowing and savings habits; availability of capital from private and government sources; demographic changes; competition for loans and deposits and failure to attract or retain loans and deposits; fluctuations in interest rates and a decline in the level of our interest rate spread; risks of natural disasters related to our real estate portfolio; risks associated with Small Business Administration loans; failure to attract or retain key employees; changes in governmental regulation, including, but not limited to, any increase in FDIC insurance premiums; ability of Hanmi Bank to make distributions to Hanmi Financial Corporation, which is restricted by certain factors, including Hanmi Bank's retained earnings, net income, prior distributions made, and certain other financial tests; ability to identify a suitable strategic partner or to consummate a strategic transaction; adequacy of our allowance for loan and lease losses; credit quality and the effect

of credit quality on our provision for loan and lease losses and allowance for loan and lease losses; changes in the financial performance and/or condition of our borrowers and the ability of our borrowers to perform under the terms of their loans and other terms of credit agreements; our ability to control expenses; and changes in securities markets. In addition, we set forth certain risks in our reports filed with the U.S. Securities and Exchange Commission, including, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2016, our Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K that we will file hereafter, which could cause actual results to differ from those projected. We undertake no obligation to update such forward-looking statements except as required by law.

**Investor Contacts:**

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**Hanmi Financial Corporation and Subsidiaries**

**Consolidated Balance Sheets (Unaudited)**

(In thousands)

|   | <b>December<br/>31,<br/>2017</b> | <b>September<br/>30,<br/>2017</b> | <b>Percentage<br/>Change</b> | <b>December<br/>31,<br/>2016</b> | <b>Percentage<br/>Change</b> |
|---|----------------------------------|-----------------------------------|------------------------------|----------------------------------|------------------------------|
| <b>Assets</b>   |                                  |                                   |                              |                                  |                              |
| Cash and due from banks   | \$ 153,826                       | \$ 138,139                        | 11.4%                        | \$ 147,235                       | 4.5%                         |
| Securities available for sale, at fair value                            | 578,804                          | 598,440                           | -3.3%                        | 516,964                          | 12.0%                        |
| Loans held for sale, at the lower of cost or fair value                 | 6,394                            | 6,469                             | -1.2%                        | 9,316                            | -31.4%                       |
| Loans and leases receivable, net of allowance for loan and lease losses | 4,273,415                        | 4,162,863                         | 2.7%                         | 3,812,340                        | 12.1%                        |
| Accrued interest receivable   | 12,770                           | 12,098                            | 5.6%                         | 10,987                           | 16.2%                        |
| Customers' liability on acceptances                                     | 803                              | 647                               | 24.1%                        | 978                              | -17.9%                       |
| Servicing assets  | 10,218                           | 10,428                            | -2.0%                        | 10,564                           | -3.3%                        |
| Premises and equipment, net   | 26,655                           | 26,648                            | 0.0%                         | 28,698                           | -7.1%                        |
| Goodwill and other intangible assets, net                               | 12,544                           | 12,628                            | -0.7%                        | 12,889                           | -2.7%                        |
| Federal Home Loan Bank ("FHLB") stock, at cost                          | 16,385                           | 16,385                            | 0.0%                         | 16,385                           | 0.0%                         |
| Other real estate owned ("OREO"), net                                   | 1,946                            | 1,946                             | 0.0%                         | 7,484                            | -74.0%                       |
| Income tax asset  | 38,279                           | 46,210                            | -17.2%                       | 48,047                           | -20.3%                       |
| Bank-owned life insurance   | 50,554                           | 50,268                            | 0.6%                         | 49,440                           | 2.3%                         |
| Prepaid expenses and other assets                                       | 27,892                           | 28,227                            | -1.2%                        | 30,019                           | -7.1%                        |
| <b>Total assets</b>   | <b>\$ 5,210,485</b>              | <b>\$ 5,111,396</b>               | <b>1.9%</b>                  | <b>\$ 4,701,346</b>              | <b>10.8%</b>                 |

**Liabilities and Stockholders' Equity**

## Liabilities:

## Deposits:

|   |                            |                            |             |                            |              |
|---|----------------------------|----------------------------|-------------|----------------------------|--------------|
| Noninterest-bearing                               | \$ 1,312,274               | \$ 1,293,538               | 1.4%        | \$ 1,203,240               | 9.1%         |
| Interest-bearing                                  | 3,036,380                  | 3,005,472                  | 1.0%        | 2,606,497                  | 16.5%        |
| Total deposits                                    | <u>4,348,654</u>           | <u>4,299,010</u>           | 1.2%        | <u>3,809,737</u>           | 14.1%        |
| Accrued interest payable                          | 5,309                      | 4,071                      | 30.4%       | 2,567                      | 106.8%       |
| Bank's liability on acceptances                   | 803                        | 657                        | 22.2%       | 978                        | -17.9%       |
| Borrowings  | 150,000                    | 110,000                    | 36.4%       | 315,000                    | -52.4%       |
| Subordinated debentures                           | 117,270                    | 117,140                    | 0.1%        | 18,978                     | 517.9%       |
| Accrued expenses and other liabilities            | <u>25,972</u>              | <u>21,271</u>              | 22.1%       | <u>23,061</u>              | 12.6%        |
| <b>Total liabilities</b>                          | <b><u>4,648,008</u></b>    | <b><u>4,552,149</u></b>    | <b>2.1%</b> | <b><u>4,170,321</u></b>    | <b>11.5%</b> |
| Stockholders' equity:                             |                            |                            |             |                            |              |
| Common stock                                      | 33                         | 33                         | 0.0%        | 33                         | 0.0%         |
| Additional paid-in capital                        | 565,627                    | 564,787                    | 0.1%        | 562,446                    | 0.6%         |
| Accumulated other comprehensive income (loss)     | (1,869)                    | 290                        | -744.5%     | (2,394)                    | -21.9%       |
| Retained earnings                                 | 70,575                     | 65,858                     | 7.2%        | 41,726                     | 69.1%        |
| Less treasury stock                               | <u>(71,889)</u>            | <u>(71,721)</u>            | 0.2%        | <u>(70,786)</u>            | 1.6%         |
| <b>Total stockholders' equity</b>                 | <b><u>562,477</u></b>      | <b><u>559,247</u></b>      | <b>0.6%</b> | <b><u>531,025</u></b>      | <b>5.9%</b>  |
| <b>Total liabilities and stockholders' equity</b> | <b><u>\$ 5,210,485</u></b> | <b><u>\$ 5,111,396</u></b> | <b>1.9%</b> | <b><u>\$ 4,701,346</u></b> | <b>10.8%</b> |

**Hanmi Financial Corporation and Subsidiaries**  
**Consolidated Statements of Income (Unaudited)**  
(In thousands, except share and per share data)

|  | Three Months Ended      |                          |                      |                         |                      |
|--|-------------------------|--------------------------|----------------------|-------------------------|----------------------|
|  | December<br>31,<br>2017 | September<br>30,<br>2017 | Percentage<br>Change | December<br>31,<br>2016 | Percentage<br>Change |
| <b>Interest and dividend income:</b>                           |                         |                          |                      |                         |                      |
| Interest and fees on loans and leases                          | \$ 52,176               | \$ 50,265                | 3.8%                 | \$ 43,780               | 19.2%                |
| Interest on securities   | 3,194                   | 3,188                    | 0.2%                 | 2,550                   | 25.3%                |
| Dividends on FHLB stock  | 289                     | 286                      | 1.0%                 | 927                     | -68.8%               |
| Interest on deposits in other banks                            | 125                     | 123                      | 1.6%                 | 55                      | 127.3%               |
| Total interest and dividend income                             | <u>55,784</u>           | <u>53,862</u>            | 3.6%                 | <u>47,312</u>           | 17.9%                |
| <b>Interest expense:</b>                                       |                         |                          |                      |                         |                      |
| Interest on deposits   | 7,402                   | 7,071                    | 4.7%                 | 4,799                   | 54.2%                |
| Interest on FHLB borrowings                                    | 363                     | 198                      | 83.3%                | 207                     | 75.4%                |
| Interest on subordinated debentures                            | 1,676                   | 1,667                    | 0.5%                 | 241                     | 595.4%               |
| Total interest expense   | <u>9,441</u>            | <u>8,936</u>             | 5.7%                 | <u>5,247</u>            | 79.9%                |
| Net interest income before provision for loan and lease losses | 46,343                  | 44,926                   | 3.2%                 | 42,065                  | 10.2%                |
| Loan and lease loss provision                                  | <u>220</u>              | <u>269</u>               | -18.2%               | <u>151</u>              | 45.7%                |
| Net interest income after provision for loan and lease losses  | <u>46,123</u>           | <u>44,657</u>            | 3.3%                 | <u>41,914</u>           | 10.0%                |
| <b>Noninterest income:</b>                                     |                         |                          |                      |                         |                      |

|  |                         |                         |               |                         |               |
|--|-------------------------|-------------------------|---------------|-------------------------|---------------|
| Service charges on deposit accounts                          | 2,729                   | 2,678                   | 1.9%          | 2,599                   | 5.0%          |
| Trade finance and other service charges and fees             | 1,047                   | 1,133                   | -7.6%         | 1,132                   | -7.5%         |
| Gain on sale of Small Business Administration ("SBA") loans  | 2,056                   | 2,546                   | -19.2%        | 1,787                   | 15.1%         |
| Disposition gains on Purchased Credit Impaired ("PCI") loans | 91                      | 979                     | -90.7%        | 1,559                   | -94.2%        |
| Net gain on sales of securities                              | 275                     | 267                     | 3.0%          | -                       | -             |
| Other operating income                                       | 1,485                   | 1,213                   | 22.4%         | 991                     | 49.8%         |
| Total noninterest income                                     | <u>7,683</u>            | <u>8,816</u>            | -12.9%        | <u>8,068</u>            | -4.8%         |
| <b>Noninterest expense:</b>                                  |                         |                         |               |                         |               |
| Salaries and employee benefits                               | 17,270                  | 16,947                  | 1.9%          | 16,246                  | 6.3%          |
| Occupancy and equipment                                      | 3,997                   | 3,883                   | 2.9%          | 3,641                   | 9.8%          |
| Data processing  | 1,812                   | 1,779                   | 1.9%          | 1,455                   | 24.5%         |
| Professional fees  | 1,552                   | 1,210                   | 28.3%         | 1,311                   | 18.4%         |
| Supplies and communications                                  | 778                     | 755                     | 3.0%          | 683                     | 13.9%         |
| Advertising and promotion                                    | 988                     | 1,147                   | -13.9%        | 1,140                   | -13.3%        |
| OREO (income)  | (100)                   | (16)                    | 525.0%        | (658)                   | -84.8%        |
| Other operating expenses                                     | 2,961                   | 2,955                   | 0.2%          | 1,825                   | 62.2%         |
| Merger and integration costs                                 | -                       | -                       | -             | 312                     | -100.0%       |
| Total noninterest expense                                    | <u>29,258</u>           | <u>28,660</u>           | 2.1%          | <u>25,955</u>           | 12.7%         |
| Income before provision for income taxes                     | 24,548                  | 24,813                  | -1.1%         | 24,027                  | 2.2%          |
| Income tax expense   | 13,048                  | 9,890                   | 31.9%         | 9,611                   | 35.8%         |
| <b>Net income</b>  | <b><u>\$ 11,500</u></b> | <b><u>\$ 14,923</u></b> | <b>-22.9%</b> | <b><u>\$ 14,416</u></b> | <b>-20.2%</b> |
| -  |                         |                         |               |                         |               |
| Basic earnings per share:                                    | \$ 0.36                 | \$ 0.46                 |               | \$ 0.45                 |               |
| Diluted earnings per share:                                  | \$ 0.36                 | \$ 0.46                 |               | \$ 0.45                 |               |
| Weighted-average shares outstanding:                         |                         |                         |               |                         |               |
| Basic  | 32,109,792              | 32,095,286              |               | 31,956,822              |               |
| Diluted  | 32,299,838              | 32,255,814              |               | 32,149,625              |               |
| Common shares outstanding                                    | 32,431,630              | 32,413,082              |               | 32,330,747              |               |

**Hanmi Financial Corporation and Subsidiaries**  
**Consolidated Statements of Income (Unaudited)**  
(In thousands, except share and per share data)

|                                       | Twelve Months Ended     |                         |                      |
|---------------------------------------|-------------------------|-------------------------|----------------------|
|                                       | December<br>31,<br>2017 | December<br>31,<br>2016 | Percentage<br>Change |
| <b>Interest and dividend income:</b>  |                         |                         |                      |
| Interest and fees on loans and leases | \$ 195,790              | \$ 164,642              | 18.9%                |
| Interest on securities                | 11,850                  | 11,154                  | 6.2%                 |
| Dividends on FRB and FHLB stock       | 1,232                   | 2,467                   | -50.1%               |
| Interest on deposits in other banks   | 449                     | 208                     | 115.9%               |
| Total interest and dividend income    | <u>209,321</u>          | <u>178,471</u>          | 17.3%                |
| <b>Interest expense:</b>              |                         |                         |                      |
| Interest on deposits                  | 26,089                  | 16,570                  | 57.4%                |

|  |                  |                  |              |
|--|------------------|------------------|--------------|
| Interest on FHLB borrowings                                    | 1,077            | 879              | 22.5%        |
| Interest on subordinated debentures                            | 5,353            | 825              | 548.8%       |
| Total interest expense   | 32,519           | 18,274           | 78.0%        |
| Net interest income before provision for loan and lease losses | 176,802          | 160,197          | 10.4%        |
| Loan and lease loss provision (income)                         | 831              | (4,339)          | -119.2%      |
| Net interest income after provision for loan losses            | 175,971          | 164,536          | 6.9%         |
| <b>Noninterest income:</b>                                     |                  |                  |              |
| Service charges on deposit accounts                            | 10,396           | 11,380           | -8.6%        |
| Trade finance and other service charges and fees               | 4,495            | 4,232            | 6.2%         |
| Gain on sale of Small Business Administration ("SBA") loans    | 8,734            | 6,034            | 44.7%        |
| Net gain on sales of securities                                | 1,748            | 46               | 3700.0%      |
| Disposition gains on Purchased Credit Impaired ("PCI") loans   | 1,792            | 4,970            | -63.9%       |
| Other operating income   | 6,250            | 6,413            | -2.5%        |
| Total noninterest income                                       | 33,415           | 33,075           | 1.0%         |
| <b>Noninterest expense:</b>                                    |                  |                  |              |
| Salaries and employee benefits                                 | 67,944           | 63,956           | 6.2%         |
| Occupancy and equipment  | 15,740           | 14,992           | 5.0%         |
| Data processing  | 6,960            | 5,674            | 22.7%        |
| Professional fees  | 5,464            | 5,374            | 1.7%         |
| Supplies and communications                                    | 2,912            | 2,949            | -1.3%        |
| Advertising and promotion                                      | 3,952            | 3,910            | 1.1%         |
| OREO expense   | 302              | 63               | 379.4%       |
| Other operating expenses                                       | 10,868           | 10,993           | -1.1%        |
| Merger and integration costs (income)                          | (40)             | 312              | -112.8%      |
| Total noninterest expense                                      | 114,102          | 108,223          | 5.4%         |
| Income before provision for income taxes                       | 95,284           | 89,388           | 6.6%         |
| Income tax expense   | 40,624           | 32,899           | 23.5%        |
| <b>Net income</b>  | <b>\$ 54,660</b> | <b>\$ 56,489</b> | <b>-3.2%</b> |
|  |                  |                  | -            |
| Basic earnings per share:                                      | \$ 1.70          | \$ 1.76          |              |
| Diluted earnings per share:                                    | \$ 1.69          | \$ 1.75          |              |
| Weighted-average shares outstanding:                           |                  |                  |              |
| Basic  | 32,071,585       | 31,899,582       |              |
| Diluted  | 32,249,918       | 32,048,704       |              |
| Common shares outstanding                                      | 32,431,630       | 32,330,747       |              |

### Hanmi Financial Corporation and Subsidiaries

#### Average Balance, Average Yield Earned, and Average Rate Paid (Unaudited)

(In thousands, except ratios)

|  | Three Months Ended |                    |                   |
|--|--------------------|--------------------|-------------------|
|  | December 31, 2017  | September 30, 2017 | December 31, 2016 |



|  | Interest Average           |               |         | Interest Average           |               |         | Interest Average           |               |         |
|--|----------------------------|---------------|---------|----------------------------|---------------|---------|----------------------------|---------------|---------|
|  | Average                    | Income /      | Yield / | Average                    | Income /      | Yield / | Average                    | Income /      | Yield / |
|  | Balance                    | Expense       | Rate    | Balance                    | Expense       | Rate    | Balance                    | Expense       | Rate    |
| <b>Assets</b>                              |                            |               |         |                            |               |         |                            |               |         |
| Interest-earning assets:                   |                            |               |         |                            |               |         |                            |               |         |
| Loans and leases receivable <sup>(1)</sup> | \$ 4,227,259               | \$ 52,176     | 4.90%   | \$ 4,092,131               | \$ 50,265     | 4.87%   | \$ 3,690,955               | \$ 43,780     | 4.72%   |
| Securities <sup>(2)</sup>                  | 611,181                    | 3,619         | 2.37%   | 611,538                    | 3,683         | 2.41%   | 530,241                    | 3,057         | 2.31%   |
| FHLB stock                                 | 16,385                     | 289           | 7.00%   | 16,385                     | 286           | 6.93%   | 16,385                     | 927           | 22.63%  |
| Interest-bearing deposits in other banks   | 36,386                     | 125           | 1.36%   | 38,981                     | 123           | 1.25%   | 40,548                     | 55            | 0.54%   |
| Total interest-earning assets              | <u>4,891,211</u>           | <u>56,209</u> | 4.56%   | <u>4,759,035</u>           | <u>54,357</u> | 4.53%   | <u>4,278,129</u>           | <u>47,819</u> | 4.45%   |
| Noninterest-earning assets:                |                            |               |         |                            |               |         |                            |               |         |
| Cash and due from banks                    | 118,230                    |               |         | 114,108                    |               |         | 115,211                    |               |         |
| Allowance for loan losses                  | (32,469)                   |               |         | (34,252)                   |               |         | (39,235)                   |               |         |
| Other assets                               | 185,994                    |               |         | 188,813                    |               |         | 192,001                    |               |         |
| <b>Total assets</b>                        | <b><u>\$ 5,162,966</u></b> |               |         | <b><u>\$ 5,027,704</u></b> |               |         | <b><u>\$ 4,546,106</u></b> |               |         |

### Liabilities and Stockholders' Equity

#### Interest-bearing liabilities:

##### Deposits:

|                          |           |       |       |           |       |       |           |       |       |
|--------------------------|-----------|-------|-------|-----------|-------|-------|-----------|-------|-------|
| Demand: interest-bearing | \$ 90,646 | \$ 18 | 0.08% | \$ 90,720 | \$ 18 | 0.08% | \$ 95,399 | \$ 19 | 0.08% |
|--------------------------|-----------|-------|-------|-----------|-------|-------|-----------|-------|-------|

|                          |           |       |       |           |       |       |           |       |       |
|--------------------------|-----------|-------|-------|-----------|-------|-------|-----------|-------|-------|
| Money market and savings | 1,513,408 | 3,315 | 0.87% | 1,526,951 | 3,311 | 0.86% | 1,305,565 | 2,340 | 0.71% |
|--------------------------|-----------|-------|-------|-----------|-------|-------|-----------|-------|-------|

|               |           |       |       |           |       |       |           |       |       |
|---------------|-----------|-------|-------|-----------|-------|-------|-----------|-------|-------|
| Time deposits | 1,408,227 | 4,069 | 1.15% | 1,384,724 | 3,742 | 1.07% | 1,165,828 | 2,440 | 0.83% |
|---------------|-----------|-------|-------|-----------|-------|-------|-----------|-------|-------|

|                                 |           |       |       |           |       |       |           |       |       |
|---------------------------------|-----------|-------|-------|-----------|-------|-------|-----------|-------|-------|
| Total interest-bearing Deposits | 3,012,281 | 7,402 | 0.97% | 3,002,395 | 7,071 | 0.93% | 2,566,792 | 4,799 | 0.74% |
|---------------------------------|-----------|-------|-------|-----------|-------|-------|-----------|-------|-------|

|            |         |     |       |        |     |       |         |     |       |
|------------|---------|-----|-------|--------|-----|-------|---------|-----|-------|
| Borrowings | 119,946 | 363 | 1.20% | 67,935 | 198 | 1.16% | 174,674 | 207 | 0.47% |
|------------|---------|-----|-------|--------|-----|-------|---------|-----|-------|

|                         |         |       |       |         |       |       |        |     |       |
|-------------------------|---------|-------|-------|---------|-------|-------|--------|-----|-------|
| Subordinated debentures | 117,198 | 1,676 | 5.70% | 117,065 | 1,667 | 5.68% | 18,919 | 241 | 5.07% |
|-------------------------|---------|-------|-------|---------|-------|-------|--------|-----|-------|

|                                    |                  |              |       |                  |              |       |                  |              |       |
|------------------------------------|------------------|--------------|-------|------------------|--------------|-------|------------------|--------------|-------|
| Total interest-bearing liabilities | <u>3,249,425</u> | <u>9,441</u> | 1.15% | <u>3,187,395</u> | <u>8,936</u> | 1.11% | <u>2,760,385</u> | <u>5,247</u> | 0.76% |
|------------------------------------|------------------|--------------|-------|------------------|--------------|-------|------------------|--------------|-------|

#### Noninterest-bearing liabilities and equity:

|                                      |           |  |  |           |  |  |           |  |  |
|--------------------------------------|-----------|--|--|-----------|--|--|-----------|--|--|
| Demand deposits: noninterest-bearing | 1,321,182 |  |  | 1,257,954 |  |  | 1,229,042 |  |  |
|--------------------------------------|-----------|--|--|-----------|--|--|-----------|--|--|

|                   |        |  |  |        |  |  |        |  |  |
|-------------------|--------|--|--|--------|--|--|--------|--|--|
| Other liabilities | 30,482 |  |  | 30,592 |  |  | 27,497 |  |  |
|-------------------|--------|--|--|--------|--|--|--------|--|--|

|   |                            |                            |                            |
|---|----------------------------|----------------------------|----------------------------|
| Stockholders' equity                              | <u>561,877</u>             | <u>551,763</u>             | <u>529,182</u>             |
| <b>Total liabilities and stockholders' equity</b> | <b><u>\$ 5,162,966</u></b> | <b><u>\$ 5,027,704</u></b> | <b><u>\$ 4,546,106</u></b> |
| <b>Net interest income</b>                        | <b><u>\$ 46,768</u></b>    | <b><u>\$ 45,421</u></b>    | <b><u>\$ 42,572</u></b>    |
| <b>Cost of deposits</b>                           | <b><u>0.68%</u></b>        | <b><u>0.66%</u></b>        | <b><u>0.50%</u></b>        |
| <b>Net interest spread</b>                        | <b><u>3.41%</u></b>        | <b><u>3.42%</u></b>        | <b><u>3.69%</u></b>        |
| <b>Net interest margin</b>                        | <b><u>3.79%</u></b>        | <b><u>3.79%</u></b>        | <b><u>3.96%</u></b>        |

(1) Includes loans held for sale

(2) Amounts calculated on a fully taxable equivalent basis using the statutory federal tax rate of 35%.

#### Hanmi Financial Corporation and Subsidiaries

##### Average Balance, Average Yield Earned, and Average Rate Paid (Unaudited)

(In thousands, except ratios)

|  | Twelve Months Ended |                           |                      |                   |                           |                      |
|--|---------------------|---------------------------|----------------------|-------------------|---------------------------|----------------------|
|  | December 31, 2017   |                           |                      | December 31, 2016 |                           |                      |
|  | Average Balance     | Interest Income / Expense | Average Yield / Rate | Average Balance   | Interest Income / Expense | Average Yield / Rate |
| <b>Assets</b>                              |                     |                           |                      |                   |                           |                      |
| Interest-earning assets:                   |                     |                           |                      |                   |                           |                      |
| Loans and leases receivable <sup>(1)</sup> | \$ 4,039,346        | \$ 195,790                | 4.85%                | \$ 3,423,292      | \$ 164,642                | 4.81%                |
| Securities <sup>(2)</sup>                  | 583,971             | 13,771                    | 2.36%                | 614,749           | 13,194                    | 2.15%                |
| FRB and FHLB stock                         | 16,385              | 1,232                     | 7.52%                | 24,189            | 2,467                     | 10.20%               |
| Interest-bearing deposits in other banks   | 40,333              | 449                       | 1.11%                | 41,730            | 208                       | 0.50%                |
| Total interest-earning assets              | <u>4,680,035</u>    | <u>211,242</u>            | <u>4.51%</u>         | <u>4,103,960</u>  | <u>180,511</u>            | <u>4.40%</u>         |
| Noninterest-earning assets:                |                     |                           |                      |                   |                           |                      |
| Cash and due from banks                    | 116,716             |                           |                      | 115,229           |                           |                      |
| Allowance for loan                         |                     |                           |                      |                   |                           |                      |

|   |                            |                          |       |                            |                          |       |
|---|----------------------------|--------------------------|-------|----------------------------|--------------------------|-------|
| losses  | (33,277)                   |                          |       | (40,856)                   |                          |       |
| Other assets                                      | <u>188,992</u>             |                          |       | <u>194,365</u>             |                          |       |
| <b>Total assets</b>                               | <b><u>\$ 4,952,466</u></b> |                          |       | <b><u>\$ 4,372,698</u></b> |                          |       |
| <b>Liabilities and Stockholders' Equity</b>       |                            |                          |       |                            |                          |       |
| Interest-bearing liabilities:                     |                            |                          |       |                            |                          |       |
| Deposits:   |                            |                          |       |                            |                          |       |
| Demand: interest-bearing                          | \$ 93,184                  | \$ 74                    | 0.08% | \$ 95,298                  | \$ 75                    | 0.08% |
| Money market and savings                          | 1,495,378                  | 12,515                   | 0.84% | 1,074,247                  | 6,470                    | 0.60% |
| Time deposits                                     | <u>1,322,352</u>           | <u>13,500</u>            | 1.02% | <u>1,255,883</u>           | <u>10,025</u>            | 0.80% |
| Total interest-bearing deposits                   | 2,910,914                  | 26,089                   | 0.90% | 2,425,428                  | 16,570                   | 0.68% |
| Borrowings  | 119,041                    | 1,077                    | 0.90% | 196,708                    | 879                      | 0.45% |
| Subordinated debentures                           | <u>95,811</u>              | <u>5,353</u>             | 5.57% | <u>18,817</u>              | <u>825</u>               | 4.38% |
| Total interest-bearing liabilities                | <u>3,125,766</u>           | <u>32,519</u>            | 1.04% | <u>2,640,953</u>           | <u>18,274</u>            | 0.69% |
| Noninterest-bearing liabilities and equity:       |                            |                          |       |                            |                          |       |
| Demand deposits: noninterest-bearing              | 1,249,158                  |                          |       | 1,182,157                  |                          |       |
| Other liabilities                                 | 29,407                     |                          |       | 30,721                     |                          |       |
| Stockholders' equity                              | <u>548,135</u>             |                          |       | <u>518,867</u>             |                          |       |
| <b>Total liabilities and stockholders' equity</b> | <b><u>\$ 4,952,466</u></b> |                          |       | <b><u>\$ 4,372,698</u></b> |                          |       |
| <b>Net interest income</b>                        |                            | <b><u>\$ 178,723</u></b> |       |                            | <b><u>\$ 162,237</u></b> |       |
| <b>Cost of deposits</b>                           |                            | <b><u>0.63%</u></b>      |       |                            | <b><u>0.46%</u></b>      |       |
| <b>Net interest spread</b>                        |                            | <b><u>3.47%</u></b>      |       |                            | <b><u>3.71%</u></b>      |       |
| <b>Net interest margin</b>                        |                            | <b><u>3.82%</u></b>      |       |                            | <b><u>3.95%</u></b>      |       |

(1) Includes loans held for sale

(2) Amounts calculated on a fully taxable equivalent basis using the statutory federal tax rate of 35%.



|   |                  |              |                 |              |                  |              |                  |              |                  |              |
|---|------------------|--------------|-----------------|--------------|------------------|--------------|------------------|--------------|------------------|--------------|
| subordinated debentures discount                        | (86)             | -0.01%       | (85)            | 0.01%        | (81)             | 0.01%        | (77)             | 0.01%        | (90)             | 0.01%        |
| Net impact  | 363              | 0.03%        | 372             | 0.03%        | 544              | 0.05%        | 630              | 0.05%        | 1,083            | 0.10%        |
| <b>As reported, on a fully taxable equivalent basis</b> |                  |              |                 |              |                  |              |                  |              |                  |              |
| <i>(1)</i>  | <b>\$ 46,768</b> | <b>3.79%</b> | <b>\$45,421</b> | <b>3.79%</b> | <b>\$ 43,673</b> | <b>3.81%</b> | <b>\$ 42,860</b> | <b>3.89%</b> | <b>\$ 42,572</b> | <b>3.96%</b> |

*(1) Amounts calculated on a fully taxable equivalent basis using the statutory federal tax rate of 35%; rates may not sum due to rounding.*

## Tangible Common Equity to Tangible Assets Ratio

Tangible common equity to tangible assets ratio is supplemental financial information determined by a method other than in accordance with U.S. generally accepted accounting principles (“GAAP”). This non-GAAP measure is used by management in the analysis of Hanmi’s capital strength. Tangible equity is calculated by subtracting goodwill and other intangible assets from stockholders’ equity. Banking and financial institution regulators also exclude goodwill and other intangible assets from stockholders’ equity when assessing the capital adequacy of a financial institution. Management believes the presentation of this financial measure excluding the impact of these items provides useful supplemental information that is essential to a proper understanding of the capital strength of Hanmi. This disclosure should not be viewed as a substitution for results determined in accordance with GAAP, nor is it necessarily comparable to non-GAAP performance measures that may be presented by other companies.

The following table reconciles this non-GAAP performance measure to the GAAP performance measure for the periods indicated:

### Tangible Common Equity to Tangible Assets Ratio (Unaudited)

*(In thousands, except share, per share data and ratios)*

|   | December 31,<br>2017 | September 30,<br>2017 | June 30,<br>2017    | March 31,<br>2017   | December 31,<br>2016 |
|---|----------------------|-----------------------|---------------------|---------------------|----------------------|
| <b>Hanmi Financial Corporation</b>        |                      |                       |                     |                     |                      |
| Assets                                    | \$ 5,210,485         | \$ 5,111,396          | \$ 4,973,346        | \$ 4,811,821        | \$ 4,701,346         |
| Less goodwill                             | (11,031)             | (11,031)              | (11,031)            | (11,031)            | (11,031)             |
| Less other intangible assets              | (1,513)              | (1,597)               | (1,681)             | (1,766)             | (1,858)              |
| Tangible assets                           | <u>\$ 5,197,941</u>  | <u>\$ 5,098,768</u>   | <u>\$ 4,960,634</u> | <u>\$ 4,799,024</u> | <u>\$ 4,688,457</u>  |
| Stockholders' equity                      | \$ 562,477           | \$ 559,247            | \$ 550,140          | \$ 539,542          | \$ 531,025           |
| Less goodwill                             | (11,031)             | (11,031)              | (11,031)            | (11,031)            | (11,031)             |
| Less other intangible assets              | (1,513)              | (1,597)               | (1,681)             | (1,766)             | (1,858)              |
| Tangible stockholders' equity             | <u>\$ 549,933</u>    | <u>\$ 546,619</u>     | <u>\$ 537,428</u>   | <u>\$ 526,745</u>   | <u>\$ 518,136</u>    |
| Stockholders' equity to assets            | 10.80%               | 10.94%                | 11.06%              | 11.21%              | 11.30%               |
| Tangible common equity to tangible assets | 10.58%               | 10.72%                | 10.83%              | 10.98%              | 11.05%               |
| Common shares outstanding                 | 32,431,630           | 32,413,082            | 32,393,856          | 32,392,580          | 32,330,747           |
| Tangible common equity per common share   | \$ 16.96             | \$ 16.86              | \$ 16.59            | \$ 16.26            | \$ 16.03             |

[\(Back To Top\)](#)