Hanmi Financial

2011 Annual Report

30 years

A HISTORY OF PERFORMANCE. A FUTURE OF GROWTH.

HANMI FINANCIAL

2011 Annual Report

HANMI BANK *is a wholly owned subsidiary of Hanmi Financial Corporation (NASDAQ: HAFC). As a quality and market leader in the banking industry, Hanmi provides a multiethnic customer base in California with high quality financial services, and has become THE Bank of Choice for shareholders, customers and employees.*

FOR THE YEAR					
Net Interest Income Before Provision for Credit Losses	$ 101,177	$ 105,874	$ 101,229	$ 134,401	$ 151,786
Provision for Credit Losses	12,100	122,496	196,387	75,676	38,323
Non-Interest Income	23,851	25,406	32,110	32,854	40,006
Non-Interest Expense	84,048	96,805	90,354	195,027	189,929
Net Income (Loss)	$ 28,147	$ (88,009)	$ (122,277)	$ (102,093)	$ (60,762)
AT YEAR END					
Total Assets	$2,744,824	$2,907,148	$3,162,706	$3,875,816	$3,983,657
Net Loans[1]	1,871,607	2,121,067	2,674,064	3,291,125	3,241,097
Total Deposits	2,344,910	2,466,721	2667		

DEAR FELLOW SHAREHOLDERS

On behalf of the Board of Directors of Hanmi Financial Corporation, we write to you with gratitude for your loyalty and continued association. This year marks Hanmi Bank's 30th anniversary, and many of you have been with us since the beginning. Most of you stood by us through the recent three years of a severe recession. Thank you.

Hanmi is proud of its three decades of strong relationships: satisfied customers, dedicated employees and loyal shareholders.

For Hanmi Bank, 2011 was a year of great transformation. With hard work and the dedication of all our employees, customers and shareholders, we have overcome many challenges. We returned to profitability in the fourth quarter of 2010 and continued to make profits through 2011 and the first quarter of 2012.

In 2011, net income totaled $28.1 million, or $1.38 per diluted common share, a significant improvement from the loss of $88.0 million, or $7.46 per share, posted in 2010. First quarter 2012 net income of $7.3 million, or $0.23 per diluted common share, was an increase of 33% from the preceding quarter. (All per share results are adjusted to reflect the 1-for-8 reverse stock split, which became effective on December 19, 2011.)

Our approach to improving our credit quality and enhancing credit risk management systems paid off in 2011. At the end of the year, our total risk-based capital was 18.66%, well above the 10% minimum regulatory threshold and 6.34% higher than at year-end 2010.

In our continued efforts to strengthen our balance sheet, we successfully raised new capital of $77.1 million in November 2011. The capital raising efforts were very well received by our existing shareholders and the investment community. In addition to enabling us to continue to pursue our strategic objectives and serve the communities within our market areas, the additional capital improved our capital ratios. All of our capital levels are well above those required by regulatory standards, and we are cautiously optimistic that the regulatory order will be lifted by the end of 2012.

Beyond managing strong capital levels, we continued to improve our credit metrics through 2011 and into 2012. Non-performing assets, which consist of non-performing loans (excluding loans held for sale) and other real estate owned ("OREO") acquired through foreclosure, decreased 64.1% to $52.6 million, or 1.91% of total assets, from $146.5 million, or 5.04%, a year ago. During 2011, we sold $89.3 million in non-performing assets. We are also clearing out OREO assets, which decreased to $180,000 at the end of December 2011 as compared to $4.1 million at the end of the prior year.

Problem credit reduction remains a primary focus for us. We are continuing to sell small tranches of properties and loans to improve overall asset quality. Further, we have increased our allowance for loan loss. At December 31, 2011, the allowance for loan losses was $89.9 million or 4.64% of gross loans. The ratio of allowance for loan losses to non-performing loans improved to 171.7% at December 31, 2011. That compared to 102.5% at December 31, 2010. As a result, we are better positioned to cover our problem loans without further impact on profitability.

Hanmi's track record of customer service has ensured the longevity of its relationships. We are proud to have retained many of our original customers over the years.

Other metrics highlight our improved performance through 2011, too. For instance, net interest margin (NIM) was 3.68% in 2011, up from 3.55% in 2010, reflecting a 16 basis point improvement in loan yields as well as a 29 basis point drop in cost of funds for the year, partially offset by a 63 basis point reduction on securities yields. Loan originations improved significantly in 2011 with Small Business Administration ("SBA") loan production totaling $93.9 million, generating $4.5 million in gain on sale of SBA loans. Other loan production totaled $212.0 million for 2011.

Our operating efficiency also improved during 2011 with total overhead costs down 13.2% to $84.0 million from $96.8 million in 2010. These numbers reflect lower deposit insurance premiums, significantly reduced asset management expenses and lower compensation costs.

During the first quarter of 2012, total overhead costs decreased 11.78%. Our efficiency ratio improved to 67.2% in 2011 from 73.7% in 2010. The efficiency ratio continued to improve to 66.6% compared to 69.0% in the fourth quarter of 2011.

We feel good about our prospects for 2012 and beyond. As we celebrate our 30th anniversary, 2012 will be a year of continued focus on our credit resolution program, managing our capital position and our efforts to lift our regulatory orders. We have redefined our credit risk management practices to adapt to the economic climate. We have initiated a program to focus on our customers and produce high quality deposits and loans in the markets we serve; this will provide growth again to our balance sheet as we move forward.

Our work also will enable us to continue to strive with all of you to make a positive difference in the communities in our market areas. Thank you all for your faith, trust and dedication. Everything we have accomplished is the result of the loyalty and support of you – our shareholders, customers and employees. We look forward to continuing to build the Hanmi community with you through the decades to come.

Jay S. Yoo
President and Chief Executive Officer

Joseph K. Rho
Chairman of the Board of Directors

June 15, 2012

CORPORATE INFORMATION

Officers

Jay S. Yoo
President and
Chief Executive Officer

Lonny D. Robinson
Executive Vice President and
Chief Financial Officer

J. H. Son
Executive Vice President and
Chief Credit Officer

Board of Directors

Joseph K. Rho
Chairman of the Board
Principal, J & S Investment

I Joon Ahn
Former Chairman of the Board

John (Jack) A. Hall
Former National Bank Examiner

Paul Seon-Hong Kim
Former Bank President

Joon Hyung Lee
Former Chairman of the Board
President, Root-3 Corporation

William J. Stolte
Former Bank Executive

Jay S. Yoo
President and Chief Executive Officer

Independent Public Accountant

KPMG, LLP
Los Angeles, California

Registrar and Transfer Agent

Computershare

Website

www.hanmi.com

Stock Listing

Nasdaq
Ticker symbol for
common stock "HAFC"

LEFT TO RIGHT:
PAUL SEON-HONG KIM, I JOON AHN, JOSEPH K. RHO, WILLIAM J. STOLTE, JAY S. YOO, JOHN (JACK) A. HALL, JOON HYUNG LEE

BRANCH OFFICES

CORPORATE HEADQUARTERS
3660 Wilshire Boulevard
Penthouse Suite A
Los Angeles, California 90010
(213) 382-2200

Beverly Hills Branch
9300 Wilshire Boulevard, Suite 101
Beverly Hills, California 90212
(310) 724-7800

Cerritos–Artesia Branch
11754 East Artesia Boulevard
Artesia, California 90701
(562) 658-0100

Cerritos–South Branch
11900 South Street, Suite 109
Cerritos, California 90703
(562) 467-7400

Diamond Bar Branch
1101 Brea Canyon Road, Suite A-1
Diamond Bar, California 91789
(909) 348-6600

Downtown–Los Angeles Branch
950 South Los Angeles Street
Los Angeles, California 90015
(213) 347-6051

Fashion District Branch
726 East 12th Street, Suite 211
Los Angeles, California 90021
(213) 743-5850

Fullerton–Beach Branch
5245 Beach Boulevard
Buena Park, California 90621
(714) 232-7600

Gardena Branch
2001 West Redondo Beach Boulevard
Gardena, California 90247
(310) 965-9400

Garden Grove–Brookhurst Branch
9820 Garden Grove Boulevard
Garden Grove, California 92844
(714) 590-6900

Garden Grove–Magnolia Branch
9122 Garden Grove Boulevard
Garden Grove, California 92844
(714) 741-4420

Irvine Branch
14474 Culver Drive, Suite D
Irvine, California 92604
(949) 262-2500

Koreatown Galleria Branch
3250 West Olympic Boulevard
Suite 200
Los Angeles, California 90006
(323) 730-4830

Koreatown Plaza Branch
928 South Western Avenue
Suite 260
Los Angeles, California 90006
(213) 385-2244

Northridge Branch
10180 Reseda Boulevard
Northridge, California 91324
(818) 709-3300

Olympic Branch
3737 West Olympic Boulevard
Los Angeles, California 90019
(323) 370-2800

Olympic–Kingsley Branch
3099 West Olympic Boulevard
Los Angeles, California 90006
(213) 385-1234

Rancho Cucamonga Branch
9759 Baseline Road
Rancho Cucamonga, California 91730
(909) 919-7599

Rowland Heights Branch
18720 East Colima Road
Rowland Heights, California 91748
(626) 435-1400

San Diego Branch
4637 Convoy Street, Suite 101
San Diego, California 92111
(858) 467-4800

San Francisco Branch
1469 Webster Street
San Francisco, California 94115
(415) 749-7600

Silicon Valley Branch
2765 El Camino Real
Santa Clara, California 95051
(408) 260-3400

Torrance–Crenshaw Branch
2370 Crenshaw Boulevard, Suite H
Torrance, California 90501
(310) 781-1200

Torrance–Del Amo Mall Branch
21838 Hawthorne Boulevard
Torrance, California 90503
(310) 214-4280

Van Nuys Branch
14427 Sherman Way
Van Nuys, California 91405
(818) 779-3120

Vermont Branch
933 South Vermont Avenue
Los Angeles, California 90006
(213) 252-6380

Western Branch
120 South Western Avenue
Los Angeles, California 90004
(213) 427-5751

Wilshire–Hobart Branch
3660 Wilshire Boulevard, Suite 103
Los Angeles, California 90010
(213) 427-5757

Commercial Loan Department
3660 Wilshire Boulevard, Suite 1050
Los Angeles, California 90010
(213) 637-4792

Consumer Loan Center
3660 Wilshire Boulevard, Suite 116
Los Angeles, California 90010
(213) 252-6400

International Finance Department
933 S. Vermont Avenue, 2nd Floor
Los Angeles, California 90006
(213) 427-5680

Private Banking Department
3737 W. Olympic Boulevard
Los Angeles, California 90019
(323) 730-2835

SBA Loan Center
928 South Western Avenue, Suite 260
Los Angeles, California 90006
(213) 427-5722

NORTHWEST REGION
Loan Production Office
500 108th Avenue N.E., #1760
Bellevue, Washington 98001
(425) 454-0178

SUBSIDIARY
Chun–Ha/All World
Insurance Services, Inc.
12912 Brookhurst Street, Suite 480
Garden Grove, California 92840
(717) 537-5000

Design: BLOCH + COULTER Design Group, *www.blochcoulter.com*

All paper used in this annual report has been certified by the Forest Stewardship Council (FSC)

Hanmi Financial Corporation

CORPORATE HEADQUARTERS
3660 Wilshire Boulevard
Penthouse Suite A
Los Angeles, California 90010
www.hanmi.com