

HANMI FINANCIAL CORP
Form 10-Q
November 08, 2016

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended September 30, 2016

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period From _____ To _____

Commission File Number: 000-30421

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

Delaware 95-4788120
(State or Other Jurisdiction of (I.R.S. Employer
Incorporation or Organization) Identification No.)

3660 Wilshire Boulevard, Penthouse Suite A 90010
Los Angeles, California
(Address of Principal Executive Offices) (Zip Code)
(213) 382-2200

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name, Former Address and Former Fiscal Year, If Changed Since Last Report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer

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Non-Accelerated Filer (Do Not Check if a Smaller Reporting Company) Smaller Reporting Company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of November 4, 2016, there were 32,273,924 outstanding shares of the Registrant's Common Stock.

Hanmi Financial Corporation and Subsidiaries
Quarterly Report on Form 10-Q
Three and Nine Months Ended September 30, 2016
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Part I — Financial Information

Item 1. Financial Statements

Hanmi Financial Corporation and Subsidiaries

Consolidated Balance Sheets

(in thousands, except share data)

	(Unaudited) September 30, 2016	December 31, 2015
Assets		
Cash and due from banks	\$ 130,197	\$ 164,364
Securities available for sale, at fair value (amortized cost of \$537,820 as of September 30, 2016 and \$700,627 as of December 31, 2015)	548,961	698,296
Loans held for sale, at the lower of cost or fair value	6,425	2,874
Loans receivable, net of allowance for loan losses of \$38,972 as of September 30, 2016 and \$42,935 as of December 31, 2015	3,513,687	3,140,381
Accrued interest receivable	10,160	9,501
Premises and equipment, net	27,682	29,834
Other real estate owned ("OREO"), net	10,971	8,511
Customers' liability on acceptances	1,041	3,586
Servicing assets	10,833	11,744
Core deposit intangible, net	1,456	1,701
Federal Home Loan Bank ("FHLB") stock, at cost	16,385	16,385
Federal Reserve Bank ("FRB") stock, at cost	—	14,098
Income tax asset	50,145	57,174
Bank-owned life insurance	49,149	48,340
Prepaid expenses and other assets	25,088	27,732
Total assets	\$ 4,402,180	\$ 4,234,521
Liabilities and stockholders' equity		
Liabilities:		
Deposits:		
Noninterest-bearing	\$ 1,231,967	\$ 1,155,518
Interest-bearing	2,539,240	2,354,458
Total deposits	3,771,207	3,509,976
Accrued interest payable	2,444	3,177
Bank's liability on acceptances	1,041	3,586
FHLB advances	55,000	170,000
Servicing liabilities	3,426	4,784
Federal Deposit Insurance Corporation ("FDIC") loss sharing liability	1,701	1,289
Subordinated debentures	18,888	18,703
Accrued expenses and other liabilities	17,275	29,088
Total liabilities	3,870,982	3,740,603
Stockholders' equity:		
Common stock, \$0.001 par value; authorized 62,500,000 shares; issued 32,865,393 shares (32,252,774 shares outstanding) as of September 30, 2016 and issued 32,566,522 shares (31,974,359 shares outstanding) as of December 31, 2015	33	257
Additional paid-in capital	560,906	557,761
Accumulated other comprehensive income (loss), net of tax expense of \$3,586 as of September 30, 2016 and tax benefit of \$2,007 as of December 31, 2015	7,555	(315)
Retained earnings	33,413	6,422

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Less: treasury stock, at cost; 612,619 shares as of September 30, 2016 and 592,163 shares as of December 31, 2015	(70,709)	(70,207)
Total stockholders' equity	531,198		493,918	
Total liabilities and stockholders' equity	\$4,402,180		\$4,234,521	

See Accompanying Notes to Consolidated Financial Statements (Unaudited)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Interest and dividend income:				
Interest and fees on loans	\$41,150	\$36,466	\$120,862	\$110,415
Interest on securities	2,701	2,884	8,604	9,737
Dividends on FRB and FHLB stock	419	607	1,540	2,205
Interest on deposits in other banks	55	68	152	156
Total interest and dividend income	44,325	40,025	131,158	122,513
Interest expense:				