

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 June 30, 2024  
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  
(State or Other Jurisdiction of  
Incorporation or Organization)

95-4788120  
(I.R.S. Employer  
Identification No.)

900 Wilshire Boulevard, Suite 1250  
Los Angeles, California  
(Address of Principal Executive Offices)

90017  
(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)

Securities Registered Pursuant to Section 12(b) of the Act:

| Title of each class             | Trading<br>Symbol(s) | Name of each exchange on which registered |
|---------------------------------|----------------------|---|
| Common Stock, \$0.001 par value | HAFC                 | Nasdaq Global Select Market               |

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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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

|                         |                          |                           |                                     |
|-------------------------|--------------------------|---------------------------|-------------------------------------|
| Large accelerated filer | <input type="checkbox"/> | Accelerated filer         | <input checked="" type="checkbox"/> |
| Non-accelerated filer   | <input type="checkbox"/> | Smaller reporting company | <input type="checkbox"/>            |
|                         |                          | Emerging Growth Company   | <input type="checkbox"/>            |

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. ☐

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

As of July 30, 2024, there were 30,268,376 outstanding shares of the Registrant's Common Stock.

**Hanmi Financial Corporation and Subsidiaries Quarterly Report on Form 10-Q**  
**Three Months Ended June 30, 2024**

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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)*

|   | <b>June 30,<br/>2024<br/>(Unaudited)</b> |           | <b>December 31,<br/>2023</b> |
|---|--|-----------|------------------------------|
| <b>Assets</b>   |  |           |                              |
| Cash and due from banks   | \$ 313,079                               | \$        | 302,324                      |
| Securities available for sale, at fair value (amortized cost of \$985,305 and \$967,031 as of June 30, 2024 and December 31, 2023, respectively)  | 877,638                                  |           | 865,739                      |
| Loans held for sale, at the lower of cost or fair value   | 10,467                                   |           | 12,013                       |
| Loans receivable, net of allowance for credit losses of \$67,729 and \$69,462 as of June 30, 2024 and December 31, 2023, respectively   | 6,108,630                                |           | 6,112,972                    |
| Accrued interest receivable   | 23,958                                   |           | 23,371                       |
| Premises and equipment, net   | 21,955                                   |           | 21,959                       |
| Customers' liability on acceptances   | 551                                      |           | 625                          |
| Servicing assets  | 6,836                                    |           | 7,070                        |
| Goodwill and other intangible assets, net   | 11,048                                   |           | 11,099                       |
| Federal Home Loan Bank ("FHLB") stock, at cost  | 16,385                                   |           | 16,385                       |
| Income tax assets   | 42,246                                   |           | 35,226                       |
| Bank-owned life insurance   | 56,534                                   |           | 56,335                       |
| Prepaid expenses and other assets   | 97,020                                   |           | 105,223                      |
| <b>Total assets</b>   | <b>\$ 7,586,347</b>                      | <b>\$</b> | <b>7,570,341</b>             |
| <b>Liabilities and Stockholders' Equity</b>   |  |           |                              |
| Liabilities:  |  |           |                              |
| Deposits:   |  |           |                              |
| Noninterest-bearing   | \$ 1,959,963                             | \$        | 2,003,596                    |
| Interest-bearing  | 4,369,377                                |           | 4,276,978                    |
| Total deposits  | 6,329,340                                |           | 6,280,574                    |
| Accrued interest payable  | 47,699                                   |           | 39,306                       |
| Bank's liability on acceptances   | 551                                      |           | 625                          |
| Borrowings  | 292,500                                  |           | 325,000                      |
| Subordinated debentures (\$136,800 and \$136,800 face amount less unamortized discount and debt issuance costs of \$6,482 and \$6,788 as of June 30, 2024 and December 31, 2023, respectively)  | 130,318                                  |           | 130,012                      |
| Accrued expenses and other liabilities  | 78,880                                   |           | 92,933                       |
| <b>Total liabilities</b>  | <b>6,879,288</b>                         |           | <b>6,868,450</b>             |
| Stockholders' equity:   |  |           |                              |
| Preferred stock, \$0.001 par value; authorized 10,000,000 shares; no shares issued as of June 30, 2024 and December 31, 2023  | —  |           | —                            |
| Common stock, \$0.001 par value; authorized 62,500,000 shares; issued 34,124,910 shares (30,272,110 shares outstanding) and 33,918,035 shares (30,368,655 shares outstanding) as of June 30, 2024 and December 31, 2023, respectively | 34                                       |           | 34                           |
| Additional paid-in capital  | 588,647                                  |           | 586,912                      |
| Accumulated other comprehensive loss, net of tax benefit of \$31,854 and \$29,058 as of June 30, 2024 and December 31, 2023, respectively   | (78,000)                                 |           | (71,928)                     |
| Retained earnings   | 333,392                                  |           | 319,048                      |
| Less treasury stock; 3,852,800 shares and 3,549,380 shares as of June 30, 2024 and December 31, 2023, respectively  | (137,014)                                |           | (132,175)                    |
| <b>Total stockholders' equity</b>   | <b>707,059</b>                           |           | <b>701,891</b>               |
| <b>Total liabilities and stockholders' equity</b>   | <b>\$ 7,586,347</b>                      | <b>\$</b> | <b>7,570,341</b>             |

See Accompanying Notes to Consolidated Financial Statements (Unaudited)

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

|   | Three Months Ended<br>June 30, |                  | Six Months Ended<br>June 30, |                  |
|---|--------------------------------|------------------|------------------------------|------------------|
|   | 2024                           | 2023             | 2024                         | 2023             |
| Interest and dividend income:                               |                                |                  |                              |                  |
| Interest and fees on loans receivable                       | \$ 90,752                      | \$ 83,567        | \$ 182,427                   | \$ 164,490       |
| Interest on securities                                      | 5,238                          | 4,126            | 10,193                       | 8,152            |
| Dividends on FHLB stock                                     | 357                            | 283              | 719                          | 572              |
| Interest on deposits in other banks                         | 2,313                          | 2,794            | 4,914                        | 4,859            |
| Total interest and dividend income                          | 98,660                         | 90,770           | 198,253                      | 178,073          |
| Interest expense:   |                                |                  |                              |                  |
| Interest on deposits  | 46,495                         | 32,115           | 92,133                       | 57,613           |
| Interest on borrowings                                      | 1,896                          | 1,633            | 3,551                        | 4,002            |
| Interest on subordinated debentures                         | 1,649                          | 1,600            | 3,295                        | 3,182            |
| Total interest expense                                      | 50,040                         | 35,348           | 98,979                       | 64,797           |
| Net interest income before credit loss expense              | 48,620                         | 55,422           | 99,274                       | 113,276          |
| Credit loss expense (recovery)                              | 961                            | (77)             | 1,188                        | 2,056            |
| Net interest income after credit loss expense (recovery)    | 47,659                         | 55,499           | 98,086                       | 111,220          |
| Noninterest income:   |                                |                  |                              |                  |
| Service charges on deposit accounts                         | 2,429                          | 2,571            | 4,878                        | 5,151            |
| Trade finance and other service charges and fees            | 1,277                          | 1,173            | 2,691                        | 2,431            |
| Gain on sale of Small Business Administration ("SBA") loans | 1,644                          | 1,212            | 3,126                        | 3,081            |
| Other operating income                                      | 2,707                          | 2,979            | 5,095                        | 5,608            |
| Total noninterest income                                    | 8,057                          | 7,935            | 15,790                       | 16,271           |
| Noninterest expense:  |                                |                  |                              |                  |
| Salaries and employee benefits                              | 20,434                         | 20,365           | 42,019                       | 40,975           |
| Occupancy and equipment                                     | 4,607                          | 4,500            | 9,144                        | 8,912            |
| Data processing   | 3,686                          | 3,465            | 7,237                        | 6,718            |
| Professional fees   | 1,749                          | 1,376            | 3,642                        | 2,710            |
| Supplies and communications                                 | 570                            | 638              | 1,172                        | 1,314            |
| Advertising and promotion                                   | 669                            | 748              | 1,576                        | 1,581            |
| Other operating expenses                                    | 3,561                          | 3,188            | 6,930                        | 4,862            |
| Total noninterest expense                                   | 35,276                         | 34,280           | 71,720                       | 67,072           |
| Income before tax   | 20,440                         | 29,154           | 42,156                       | 60,419           |
| Income tax expense  | 5,989                          | 8,534            | 12,541                       | 17,807           |
| <b>Net income</b>   | <b>\$ 14,451</b>               | <b>\$ 20,620</b> | <b>\$ 29,615</b>             | <b>\$ 42,612</b> |
| Basic earnings per share                                    | \$ 0.48                        | \$ 0.68          | \$ 0.98                      | \$ 1.40          |
| Diluted earnings per share                                  | \$ 0.48                        | \$ 0.67          | \$ 0.97                      | \$ 1.39          |
| Weighted-average shares outstanding:                        |                                |                  |                              |                  |
| Basic   | 30,055,913                     | 30,324,264       | 30,089,341                   | 30,320,281       |
| Diluted   | 30,133,646                     | 30,387,041       | 30,166,181                   | 30,383,226       |

See Accompanying Notes to Consolidated Financial Statements (Unaudited)

**Hanmi Financial Corporation and Subsidiaries**  
**Consolidated Statements of Comprehensive Income (Unaudited)**  
*(in thousands)*

|   | Three Months Ended<br>June 30, |                         | Six Months Ended<br>June 30, |                         |
|---|--------------------------------|-------------------------|------------------------------|-------------------------|
|   | 2024                           | 2023                    | 2024                         | 2023                    |
| <b>Net income</b>   | <b>\$ 14,451</b>               | <b>\$ 20,620</b>        | <b>\$ 29,615</b>             | <b>\$ 42,612</b>        |
| Other comprehensive income (loss), net of tax:                            |                                |                         |                              |                         |
| Unrealized gain (loss):   |                                |                         |                              |                         |
| Unrealized holding gain (loss) on available for sale securities           | (1,277)                        | (9,730)                 | (6,375)                      | 3,877                   |
| Unrealized loss on cash flow hedges                                       | (746)                          | —                       | (2,953)                      | —                       |
| Unrealized gain (loss)  | (2,023)                        | (9,730)                 | (9,328)                      | 3,877                   |
| Income tax benefit (expense) related to other comprehensive income items  | 588                            | 2,827                   | 2,933                        | (849)                   |
| Other comprehensive income (loss), net of tax                             | (1,435)                        | (6,903)                 | (6,395)                      | 3,028                   |
| Reclassification adjustment for losses included in net income             | 460                            | 1,871                   | 460                          | 1,871                   |
| Income tax benefit related to reclassification adjustment                 | (135)                          | (548)                   | (137)                        | (553)                   |
| Reclassification adjustment for losses included in net income, net of tax | 325                            | 1,323                   | 323                          | 1,318                   |
| Other comprehensive income (loss) net of tax                              | (1,110)                        | (5,580)                 | (6,072)                      | 4,346                   |
| <b>Total comprehensive income</b>   | <b><u>\$ 13,341</u></b>        | <b><u>\$ 15,040</u></b> | <b><u>\$ 23,543</u></b>      | <b><u>\$ 46,958</u></b> |

See Accompanying Notes to Consolidated Financial Statements (Unaudited)

**Hanmi Financial Corporation and Subsidiaries**  
**Consolidated Statements of Changes in Stockholders' Equity (Unaudited)**  
**For the Three Months Ended June 30, 2024 and 2023**  
*(in thousands, except share data)*

|  | Common Stock - Number of Shares |                    |                    |              | Stockholders' Equity       |                                      |                   |                         | Total Stockholders' Equity |
|--|---------------------------------|--------------------|--------------------|--------------|----------------------------|--------------------------------------|-------------------|-------------------------|----------------------------|
|  | Shares Issued                   | Treasury Shares    | Shares Outstanding | Common Stock | Additional Paid-in Capital | Accumulated Other Comprehensive Loss | Retained Earnings | Treasury Stock, at Cost |                            |
| <b>Balance at April 1, 2023</b>  | <b>33,827,801</b>               | <b>(3,272,514)</b> | <b>30,555,287</b>  | <b>\$ 33</b> | <b>\$ 584,884</b>          | <b>\$ (79,059)</b>                   | <b>\$ 283,910</b> | <b>\$ (127,603)</b>     | <b>\$ 662,165</b>          |
| Issuance of awards pursuant to equity incentive plans, net of forfeitures              | 35,620                          | —                  | 35,620             | —            | —                          | —                                    | —                 | —                       | —                          |
| Share-based compensation expense   | —                               | —                  | —                  | —            | 507                        | —                                    | —                 | —                       | 507                        |
| Shares surrendered to satisfy tax liability upon vesting of equity awards              | —                               | (5,119)            | (5,119)            | —            | —                          | —                                    | —                 | (79)                    | (79)                       |
| Repurchase of common stock   | —                               | (100,000)          | (100,000)          | —            | —                          | —                                    | —                 | (1,444)                 | (1,444)                    |
| Cash dividends paid (common stock, \$0.25/share)                                       | —                               | —                  | —                  | —            | —                          | —                                    | (7,629)           | —                       | (7,629)                    |
| Net income   | —                               | —                  | —                  | —            | —                          | —                                    | 20,620            | —                       | 20,620                     |
| Change in unrealized gain (loss) on securities available for sale, net of income taxes | —                               | —                  | —                  | —            | —                          | (5,580)                              | —                 | —                       | (5,580)                    |
|  | <b>33,863,421</b>               |                    |                    |              |                            |                                      |                   |                         |                            |
| <b>Balance at June 30, 2023</b>  | <b>1</b>                        | <b>(3,377,633)</b> | <b>30,485,788</b>  | <b>\$ 33</b> | <b>\$ 585,391</b>          | <b>\$ (84,639)</b>                   | <b>\$ 296,901</b> | <b>\$ (129,126)</b>     | <b>\$ 668,560</b>          |
| <b>Balance at April 1, 2024</b>  | <b>33,957,284</b>               | <b>(3,680,929)</b> | <b>30,276,358</b>  | <b>\$ 34</b> | <b>\$ 587,687</b>          | <b>\$ (76,890)</b>                   | <b>\$ 326,526</b> | <b>\$ (134,257)</b>     | <b>\$ 703,100</b>          |
| Issuance of awards pursuant to equity incentive plans, net of forfeitures              | 167,626                         | —                  | 167,626            | —            | —                          | —                                    | —                 | —                       | —                          |
| Share-based compensation expense   | —                               | —                  | —                  | —            | 960                        | —                                    | —                 | —                       | 960                        |
| Shares surrendered to satisfy tax liability upon vesting of equity awards              | —                               | (1,874)            | (1,874)            | —            | —                          | —                                    | —                 | (28)                    | (28)                       |
| Repurchase of common stock   | —                               | (170,000)          | (170,000)          | —            | —                          | —                                    | —                 | (2,729)                 | (2,729)                    |
| Cash dividends paid (common stock, \$0.25/share)                                       | —                               | —                  | —                  | —            | —                          | —                                    | (7,585)           | —                       | (7,585)                    |
| Net income   | —                               | —                  | —                  | —            | —                          | —                                    | 14,451            | —                       | 14,451                     |
| Change in unrealized gain (loss) on securities available for sale, net of income taxes | —                               | —                  | —                  | —            | —                          | (906)                                | —                 | —                       | (906)                      |
| Change in unrealized gain (loss) on cash flow hedge, net of income taxes               | —                               | —                  | —                  | —            | —                          | (204)                                | —                 | —                       | (204)                      |
|  | <b>34,124,910</b>               |                    |                    |              |                            |                                      |                   |                         |                            |
| <b>Balance at June 30, 2024</b>  | <b>0</b>                        | <b>(3,852,800)</b> | <b>30,272,110</b>  | <b>\$ 34</b> | <b>\$ 588,647</b>          | <b>\$ (78,000)</b>                   | <b>\$ 333,392</b> | <b>\$ (137,014)</b>     | <b>\$ 707,059</b>          |

See Accompanying Notes to Consolidated Financial Statements (Unaudited)

**Hanmi Financial Corporation and Subsidiaries**  
**Consolidated Statements of Changes in Stockholders' Equity (Unaudited)**  
**For the Six Months Ended June 30, 2024 and 2023**  
*(in thousands, except share data)*

|  | Common Stock - Number of Shares |                           |                          |                     | Stockholders' Equity       |                                      |                          |                            |                            |
|--|---------------------------------|---------------------------|--------------------------|---------------------|----------------------------|--------------------------------------|--------------------------|----------------------------|----------------------------|
|  | Shares Issued                   | Treasury Shares           | Shares Outstanding       | Common Stock        | Additional Paid-in Capital | Accumulated Other Comprehensive Loss | Retained Earnings        | Treasury Stock, at Cost    | Total Stockholders' Equity |
| <b>Balance at January 1, 2023</b>  | <b>33,708,234</b>               | <b>(3,222,613)</b>        | <b>30,485,621</b>        | <b>\$ 33</b>        | <b>\$ 583,410</b>          | <b>\$ (88,985)</b>                   | <b>\$ 269,542</b>        | <b>\$ (126,485)</b>        | <b>\$ 637,515</b>          |
| Stock options exercised  | 50,000                          | —                         | 50,000                   | —                   | 821                        | —                                    | —                        | —                          | 821                        |
| Issuance of awards pursuant to equity incentive plans, net of forfeitures              | 105,187                         | —                         | 105,187                  | —                   | —                          | —                                    | —                        | —                          | —                          |
| Share-based compensation expense   | —                               | —                         | —                        | —                   | 1,160                      | —                                    | —                        | —                          | 1,160                      |
| Shares surrendered to satisfy tax liability upon vesting of equity awards              | —                               | (55,020)                  | (55,020)                 | —                   | —                          | —                                    | —                        | (1,197)                    | (1,197)                    |
| Repurchase of common stock   | —                               | (100,000)                 | (100,000)                | —                   | —                          | —                                    | —                        | (1,444)                    | (1,444)                    |
| Cash dividends paid (common stock, \$0.50/share)                                       | —                               | —                         | —                        | —                   | —                          | —                                    | (15,253)                 | —                          | (15,253)                   |
| Net income   | —                               | —                         | —                        | —                   | —                          | —                                    | 42,612                   | —                          | 42,612                     |
| Change in unrealized gain (loss) on securities available for sale, net of income taxes | —                               | —                         | —                        | —                   | —                          | 4,346                                | —                        | —                          | 4,346                      |
| <b>Balance at June 30, 2023</b>  | <b><u>33,863,421</u></b>        | <b><u>(3,377,633)</u></b> | <b><u>30,485,788</u></b> | <b><u>\$ 33</u></b> | <b><u>\$ 585,391</u></b>   | <b><u>\$ (84,639)</u></b>            | <b><u>\$ 296,901</u></b> | <b><u>\$ (129,126)</u></b> | <b><u>\$ 668,560</u></b>   |
| <b>Balance at January 1, 2024</b>  | <b>33,918,035</b>               | <b>(3,549,380)</b>        | <b>30,368,655</b>        | <b>\$ 34</b>        | <b>\$ 586,912</b>          | <b>\$ (71,928)</b>                   | <b>\$ 319,048</b>        | <b>\$ (132,175)</b>        | <b>\$ 701,891</b>          |
| Issuance of awards pursuant to equity incentive plans, net of forfeitures              | 206,875                         | —                         | 206,875                  | —                   | —                          | —                                    | —                        | —                          | —                          |
| Share-based compensation expense   | —                               | —                         | —                        | —                   | 1,735                      | —                                    | —                        | —                          | 1,735                      |
| Shares surrendered to satisfy tax liability upon vesting of equity awards              | —                               | (33,420)                  | (33,420)                 | —                   | —                          | —                                    | —                        | (518)                      | (518)                      |
| Repurchase of common stock   | —                               | (270,000)                 | (270,000)                | —                   | —                          | —                                    | —                        | (4,321)                    | (4,321)                    |
| Cash dividends paid (common stock, \$0.50/share)                                       | —                               | —                         | —                        | —                   | —                          | —                                    | (15,271)                 | —                          | (15,271)                   |
| Net income   | —                               | —                         | —                        | —                   | —                          | —                                    | 29,615                   | —                          | 29,615                     |
| Change in unrealized gain (loss) on securities available for sale, net of income taxes | —                               | —                         | —                        | —                   | —                          | (4,298)                              | —                        | —                          | (4,298)                    |
| Change in unrealized gain (loss) on cash flow hedge, net of income taxes               | —                               | —                         | —                        | —                   | —                          | (1,774)                              | —                        | —                          | (1,774)                    |
| <b>Balance at June 30, 2024</b>  | <b><u>34,124,910</u></b>        | <b><u>(3,852,800)</u></b> | <b><u>30,272,110</u></b> | <b><u>\$ 34</u></b> | <b><u>\$ 588,647</u></b>   | <b><u>\$ (78,000)</u></b>            | <b><u>\$ 333,392</u></b> | <b><u>\$ (137,014)</u></b> | <b><u>\$ 707,059</u></b>   |

**Hanmi Financial Corporation and Subsidiaries**  
**Consolidated Statements of Cash Flows (Unaudited)**  
*(in thousands)*

|   | Six Months Ended June 30, |                   |
|---|---------------------------|-------------------|
|   | 2024                      | 2023              |
| <b>Cash flows from operating activities:</b>                                      |                           |                   |
| <b>Net income</b>   | <b>\$ 29,615</b>          | <b>\$ 42,612</b>  |
| Adjustments to reconcile net income to net cash provided by operating activities: |                           |                   |
| Depreciation and amortization   | 3,214                     | 3,467             |
| Amortization of servicing assets - net  | 1,366                     | 1,223             |
| Share-based compensation expense  | 1,735                     | 1,160             |
| Credit loss expense   | 1,188                     | 2,056             |
| Loss on sales of securities   | —                         | 1,871             |
| (Gain) loss on sales of SBA loans   | (3,126)                   | (3,081)           |
| Origination of SBA loans held for sale  | (47,595)                  | (48,904)          |
| Proceeds from sales of SBA loans  | 51,070                    | 51,710            |
| (Gain) loss on sales of residential loans   | (808)                     | —                 |
| Change in bank-owned life insurance   | 131                       | (541)             |
| Change in prepaid expenses and other assets                                       | 4,730                     | (1,417)           |
| Change in income tax assets   | (4,087)                   | 7,091             |
| Valuation adjustment on servicing assets  | —                         | (385)             |
| Change in accrued interest payable and other liabilities                          | (5,399)                   | 13,269            |
| <b>Net cash provided by operating activities</b>                                  | <b>32,034</b>             | <b>70,131</b>     |
| <b>Cash flows from investing activities:</b>                                      |                           |                   |
| Purchases of securities available for sale  | (78,454)                  | (32,928)          |
| Proceeds from matured, called and repayment of securities                         | 58,848                    | 44,347            |
| Proceeds from sales of securities available for sale                              | —                         | 8,149             |
| Purchases of loans receivable   | (24,656)                  | —                 |
| Proceeds from sales of mortgage loans   | 50,352                    | —                 |
| Purchases of premises and equipment   | (1,563)                   | (1,663)           |
| Change in loans receivable, excluding purchases                                   | (21,956)                  | (1,173)           |
| <b>Net cash provided by (used in) investing activities</b>                        | <b>(17,429)</b>           | <b>16,732</b>     |
| <b>Cash flows from financing activities:</b>                                      |                           |                   |
| Change in deposits  | 48,765                    | 147,696           |
| Change in borrowings  | (32,500)                  | (225,000)         |
| Cash paid for employee vested shares surrendered due to employee tax liability    | (518)                     | (376)             |
| Repurchase of common stock  | (4,326)                   | (1,444)           |
| Cash dividends paid   | (15,271)                  | (15,253)          |
| <b>Net cash used in financing activities</b>                                      | <b>(3,850)</b>            | <b>(94,377)</b>   |
| <b>Net increase (decrease) in cash and due from banks</b>                         | <b>10,755</b>             | <b>(7,514)</b>    |
| Cash and due from banks at beginning of year                                      | 302,324                   | 352,421           |
| <b>Cash and due from banks at end of period</b>                                   | <b>\$ 313,079</b>         | <b>\$ 344,907</b> |
| <b>Supplemental disclosures of cash flow information:</b>                         |                           |                   |
| Interest paid   | \$ 90,586                 | \$ 37,968         |
| Income taxes paid   | \$ 22,365                 | \$ 9,994          |
| Non-cash activities:  |                           |                   |
| Transfer of fixed assets to other real estate owned                               | \$ 655                    | \$ —              |
| Income tax benefit (expense) related to other comprehensive income items          | \$ 2,796                  | \$ (1,402)        |
| Change in right-of-use asset obtained in exchange for lease liability             | \$ (1,932)                | \$ 1,089          |
| Cashless exercise of stock options  | \$ —                      | \$ 821            |

See Accompanying Notes to Consolidated Financial Statements (Unaudited)



**Hanmi Financial Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements (Unaudited)**

**Note 1 — Organization and Basis of Presentation**

Hanmi Financial Corporation ("Hanmi Financial," the "Company," "we," "us" or "our") is a bank holding company whose primary subsidiary is Hanmi Bank (the "Bank"). Our primary operations are related to traditional banking activities, including the acceptance of deposits and the lending and investing of money by the Bank.

In management's opinion, the accompanying unaudited consolidated financial statements of Hanmi Financial and its subsidiaries reflect all adjustments of a normal and recurring nature that are necessary for a fair presentation of the results for the interim period ended June 30, 2024. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") have been condensed or omitted. The unaudited consolidated financial statements are prepared in conformity with GAAP and in accordance with the instructions to Form 10-Q pursuant to the rules and regulations of the Securities and Exchange Commission. Operating results for the three-month or six-month periods ended June 30, 2024 are not necessarily indicative of the results that may be expected for the year ended December 31, 2024 or for any other period. The interim information should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2023 (the "2023 Annual Report on Form 10-K").

The preparation of interim unaudited consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions affect the amounts reported in the unaudited financial statements and disclosures provided, and actual results could differ.

**Recently Issued Accounting Standards Not Yet Effective**

**Accounting Standards Update ("ASU") 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*:** In December 2023, the Financial Accounting Standards Board ("FASB") issued ASU 2023-09 to enhance the transparency and usefulness of income tax disclosures primarily related to income tax rate reconciliation and income taxes information. The amendments in ASU 2023-09 are effective for fiscal years beginning after December 15, 2024. The adoption of ASU 2023-09 is not expected to have material effect on the Company's operating results or financial condition.

**ASU 2023-07, *Segment Reporting (Topic 280): Segment Reporting*:** In November 2023, FASB issued ASU 2023-07 to provide updates that improve reportable segment disclosure requirements, primarily through enhanced disclosures on significant segment expenses. The amendments in ASU 2023-07 are effective for fiscal years beginning after December 15, 2024. The adoption of ASU 2023-07 is not expected to have material effect on the Company's operating results or financial condition.

## Note 2 — Securities

The following is a summary of securities available for sale as of the dates indicated:

|   | Amortized<br>Cost     | Gross<br>Unrealized<br>Gain | Gross<br>Unrealized<br>Loss | Estimated<br>Fair<br>Value |
|---|-----------------------|-----------------------------|-----------------------------|----------------------------|
|   | <i>(in thousands)</i> |                             |                             |                            |
| <b>June 30, 2024</b>  |                       |                             |                             |                            |
| U.S. Treasury securities                                      | \$ 101,003            | \$ 24                       | \$ (1,031)                  | \$ 99,996                  |
| U.S. government agency and sponsored agency obligations:      |                       |                             |                             |                            |
| Mortgage-backed securities - residential                      | 480,881               | 162                         | (66,175)                    | 414,868                    |
| Mortgage-backed securities - commercial                       | 65,402                | 21                          | (12,551)                    | 52,872                     |
| Collateralized mortgage obligations                           | 134,155               | 116                         | (10,059)                    | 124,212                    |
| Debt securities   | 127,258               | —                           | (6,656)                     | 120,602                    |
| Total U.S. government agency and sponsored agency obligations | 807,696               | 299                         | (95,441)                    | 712,554                    |
| Municipal bonds-tax exempt                                    | 76,606                | —                           | (11,518)                    | 65,088                     |
| <b>Total securities available for sale</b>                    | <b>\$ 985,305</b>     | <b>\$ 323</b>               | <b>\$ (107,990)</b>         | <b>\$ 877,638</b>          |
| <b>December 31, 2023</b>                                      |                       |                             |                             |                            |
| U.S. Treasury securities                                      | \$ 86,355             | \$ 173                      | \$ (1,040)                  | \$ 85,488                  |
| U.S. government agency and sponsored agency obligations:      |                       |                             |                             |                            |
| Mortgage-backed securities - residential                      | 504,544               | 481                         | (62,697)                    | 442,328                    |
| Mortgage-backed securities - commercial                       | 59,973                | —                           | (11,982)                    | 47,991                     |
| Collateralized mortgage obligations                           | 106,823               | 237                         | (9,649)                     | 97,411                     |
| Debt securities   | 132,215               | —                           | (7,590)                     | 124,625                    |
| Total U.S. government agency and sponsored agency obligations | 803,555               | 718                         | (91,918)                    | 712,355                    |
| Municipal bonds-tax exempt                                    | 77,121                | —                           | (9,225)                     | 67,896                     |
| <b>Total securities available for sale</b>                    | <b>\$ 967,031</b>     | <b>\$ 891</b>               | <b>\$ (102,183)</b>         | <b>\$ 865,739</b>          |

The amortized cost and estimated fair value of securities as of June 30, 2024 and December 31, 2023, by contractual or expected maturity, are shown below. Collateralized mortgage obligations are included in the table shown below based on their expected maturities. All other securities are included based on their contractual maturities.

|                                   | June 30, 2024<br>Available for Sale |                         | December 31, 2023<br>Available for Sale |                         |
|-----------------------------------|-------------------------------------|-------------------------|---|-------------------------|
|                                   | Amortized<br>Cost                   | Estimated<br>Fair Value | Amortized<br>Cost                       | Estimated<br>Fair Value |
|                                   | <i>(in thousands)</i>               |                         |   |                         |
| Within one year                   | \$ 103,597                          | \$ 101,624              | \$ 62,521                               | \$ 61,828               |
| Over one year through five years  | 138,045                             | 131,977                 | 169,176                                 | 160,983                 |
| Over five years through ten years | 89,869                              | 80,840                  | 83,720                                  | 77,608                  |
| Over ten years                    | 653,794                             | 563,197                 | 651,614                                 | 565,320                 |
| <b>Total</b>                      | <b>\$ 985,305</b>                   | <b>\$ 877,638</b>       | <b>\$ 967,031</b>                       | <b>\$ 865,739</b>       |

The following table summarizes debt securities available for sale in an unrealized loss position for which an allowance for credit losses has not been recorded at June 30, 2024 or December 31, 2023, aggregated by major security type and length of time in a continuous unrealized loss position:

|   | Less than 12 Months         |                            |                            | Holding Period<br>12 Months or More |                            |                            | Total                       |                            |                            |
|---|-----------------------------|----------------------------|----------------------------|-------------------------------------|----------------------------|----------------------------|-----------------------------|----------------------------|----------------------------|
|   | Gross<br>Unrealized<br>Loss | Estimated<br>Fair<br>Value | Number<br>of<br>Securities | Gross<br>Unrealized<br>Loss         | Estimated<br>Fair<br>Value | Number<br>of<br>Securities | Gross<br>Unrealized<br>Loss | Estimated<br>Fair<br>Value | Number<br>of<br>Securities |
| <i>(in thousands, except number of securities)</i>            |                             |                            |                            |                                     |                            |                            |                             |                            |                            |
| <b>June 30, 2024</b>  |                             |                            |                            |                                     |                            |                            |                             |                            |                            |
| U.S. Treasury securities                                      | \$ (204)                    | \$ 53,200                  | 17                         | \$ (827)                            | \$ 33,383                  | 11                         | \$ (1,031)                  | \$ 86,583                  | 28                         |
| U.S. government agency and sponsored agency obligations:      |                             |                            |                            |                                     |                            |                            |                             |                            |                            |
| Mortgage-backed securities - residential                      | (223)                       | 26,217                     | 11                         | (65,952)                            | 379,731                    | 117                        | (66,175)                    | 405,948                    | 128                        |
| Mortgage-backed securities - commercial                       | (4)                         | 4,380                      | 1                          | (12,547)                            | 46,487                     | 15                         | (12,551)                    | 50,867                     | 16                         |
| Collateralized mortgage obligations                           | (259)                       | 37,445                     | 10                         | (9,800)                             | 64,784                     | 26                         | (10,059)                    | 102,229                    | 36                         |
| Debt securities   |                             |                            |                            | (6,656)                             | 120,602                    | 25                         | (6,656)                     | 120,602                    | 25                         |
| Total U.S. government agency and sponsored agency obligations | (486)                       | 68,042                     | 22                         | (94,955)                            | 611,604                    | 183                        | (95,441)                    | 679,646                    | 205                        |
| Municipal bonds-tax exempt                                    |                             |                            |                            | (11,518)                            | 65,088                     | 19                         | (11,518)                    | 65,088                     | 19                         |
| <b>Total</b>  | <b>\$ (690)</b>             | <b>\$ 121,242</b>          | <b>39</b>                  | <b>\$ (107,300)</b>                 | <b>\$ 710,075</b>          | <b>213</b>                 | <b>\$ (107,990)</b>         | <b>\$ 831,317</b>          | <b>252</b>                 |
| <b>December 31, 2023</b>                                      |                             |                            |                            |                                     |                            |                            |                             |                            |                            |
| U.S. Treasury securities                                      | \$ (57)                     | \$ 21,024                  | 7                          | \$ (983)                            | \$ 32,449                  | 11                         | \$ (1,040)                  | \$ 53,473                  | 18                         |
| U.S. government agency and sponsored agency obligations:      |                             |                            |                            |                                     |                            |                            |                             |                            |                            |
| Mortgage-backed securities - residential                      | (11)                        | 2,324                      | 5                          | (62,686)                            | 411,417                    | 118                        | (62,697)                    | 413,741                    | 123                        |
| Mortgage-backed securities - commercial                       | —                           | —                          | —                          | (11,982)                            | 47,991                     | 15                         | (11,982)                    | 47,991                     | 15                         |
| Collateralized mortgage obligations                           | (38)                        | 7,074                      | 2                          | (9,611)                             | 63,610                     | 24                         | (9,649)                     | 70,684                     | 26                         |
| Debt securities   | —                           | —                          | —                          | (7,590)                             | 124,625                    | 26                         | (7,590)                     | 124,625                    | 26                         |
| Total U.S. government agency and sponsored agency obligations | (49)                        | 9,398                      | 7                          | (91,869)                            | 647,643                    | 183                        | (91,918)                    | 657,041                    | 190                        |
| Municipal bonds-tax exempt                                    | —                           | —                          | —                          | (9,225)                             | 67,896                     | 19                         | (9,225)                     | 67,896                     | 19                         |
| <b>Total</b>  | <b>\$ (106)</b>             | <b>\$ 30,422</b>           | <b>14</b>                  | <b>\$ (102,077)</b>                 | <b>\$ 747,988</b>          | <b>213</b>                 | <b>\$ (102,183)</b>         | <b>\$ 778,410</b>          | <b>227</b>                 |

The Company evaluates its available for sale securities portfolio for impairment on a quarterly basis. The Company did not recognize unrealized losses in income because it has the ability and the intent to hold and does not expect to be required to sell these securities until the recovery of their cost basis. The quarterly impairment assessment takes into account the changes in the credit quality of these debt securities since acquisition and the likelihood of a credit loss occurring over the life of the securities. In the event that a credit loss is expected to occur in the future, an allowance is established and a corresponding credit loss is recognized. Based on this analysis, as of June 30, 2024, the Company determined that no credit losses were expected to be realized on the tax-exempt municipal bond portfolio. The remainder of the portfolio consists of U.S. Treasury obligations, U.S. government agency securities, and U.S. government sponsored agency securities, all of which have the backing of the U.S. government, and are therefore not expected to incur credit losses.

Realized gains and losses on sales of securities and proceeds from sales of securities were as follows for the periods indicated:

|   | Three Months Ended<br>June 30, |                   | Six Months Ended<br>June 30, |                   |
|---|--------------------------------|-------------------|------------------------------|-------------------|
|   | 2024                           | 2023              | 2024                         | 2023              |
| <i>(in thousands)</i>                                     |                                |                   |                              |                   |
| Gross realized gains on sales of securities               | \$ —                           | \$ —              | \$ —                         | \$ —              |
| Gross realized losses on sales of securities              | —                              | (1,871)           | —                            | (1,871)           |
| <b>Net realized gains (losses) on sales of securities</b> | <b>\$ —</b>                    | <b>\$ (1,871)</b> | <b>\$ —</b>                  | <b>\$ (1,871)</b> |
| Proceeds from sales of securities                         | \$ —                           | \$ 8,149          | \$ —                         | \$ 8,149          |

There were no sales of securities during the three and six months ended June 30, 2024. During the three and six months ended June 30, 2023, there were \$1.9 million in net losses in earnings resulting from the sale of \$8.1 million of securities previously recorded with \$1.7 million unrealized losses in accumulated other comprehensive income.

Securities available for sale with market values of \$31.4 million and \$24.8 million as of June 30, 2024 and December 31, 2023, respectively, were pledged to secure borrowings from the Federal Reserve Bank ("FRB") Discount Window.

At June 30, 2024, there were no holdings of securities of any one issuer, other than the U.S. government and its agencies, in an amount greater than 10% of stockholders' equity.

### Note 3 — Loans

#### Loans Receivable

Loans consisted of the following as of the dates indicated:

|  | June 30, 2024       | December 31, 2023   |
|--|---------------------|---------------------|
|  | (in thousands)      |                     |
| Real estate loans:                             |                     |                     |
| Commercial property                            |                     |                     |
| Retail   | \$ 1,094,728        | \$ 1,107,360        |
| Hospitality                                    | 754,600             | 740,519             |
| Office   | 572,532             | 574,981             |
| Other <sup>(1)</sup>                           | 1,360,139           | 1,366,534           |
| Total commercial property loans                | 3,781,999           | 3,789,394           |
| Construction                                   | 106,506             | 100,345             |
| Residential <sup>(2)</sup>                     | 954,209             | 962,661             |
| Total real estate loans                        | 4,842,714           | 4,852,400           |
| Commercial and industrial loans <sup>(3)</sup> | 802,372             | 747,819             |
| Equipment financing agreements                 | 531,273             | 582,215             |
| <b>Loans receivable</b>                        | <b>6,176,359</b>    | <b>6,182,434</b>    |
| Allowance for credit losses                    | (67,729)            | (69,462)            |
| <b>Loans receivable, net</b>                   | <b>\$ 6,108,630</b> | <b>\$ 6,112,972</b> |

<sup>(1)</sup>Includes mixed-use, multifamily, industrial, gas stations, faith-based facilities, and medical; all other property types represent less than one percent of total loans receivable.

<sup>(2)</sup>Includes \$1.5 million and \$1.9 million of home equity loans and lines, and \$4.9 million and \$4.5 million of personal loans at June 30, 2024 and December 31, 2023, respectively.

<sup>(3)</sup>At June 30, 2024 and December 31, 2023, Paycheck Protection Program loans were \$0.1 million and \$0.2 million, respectively.

Accrued interest on loans was \$20.0 million and \$19.8 million at June 30, 2024 and December 31, 2023, respectively.

At June 30, 2024 and December 31, 2023, loans with carrying values of \$2.41 billion and \$2.36 billion, respectively, were pledged to secure advances from the FHLB.

#### Loans Held for Sale

The following is the activity for loans held for sale for the following periods:

|   | Real Estate     | Commercial and Industrial | Total            |
|---|-----------------|---------------------------|------------------|
|   | (in thousands)  |                           |                  |
| <b>Three months ended June 30, 2024</b> |                 |                           |                  |
| Balance at beginning of period          | \$ 1,454        | \$ 2,545                  | \$ 3,999         |
| Originations and transfers              | 20,572          | 9,391                     | 29,963           |
| Sales                                   | (14,877)        | (8,613)                   | (23,490)         |
| Principal paydowns and amortization     | —               | (5)                       | (5)              |
| <b>Balance at end of period</b>         | <b>\$ 7,149</b> | <b>\$ 3,318</b>           | <b>\$ 10,467</b> |
| <b>Three months ended June 30, 2023</b> |                 |                           |                  |
| Balance at beginning of period          | \$ 379          | \$ 3,273                  | \$ 3,652         |
| Originations and transfers              | 14,494          | 9,094                     | 23,588           |
| Sales                                   | (9,329)         | (10,614)                  | (19,943)         |
| Principal paydowns and amortization     | —               | (4)                       | (4)              |
| <b>Balance at end of period</b>         | <b>\$ 5,544</b> | <b>\$ 1,749</b>           | <b>\$ 7,293</b>  |

|                                       | Real Estate     | Commercial and Industrial<br>(in thousands) | Total            |
|---------------------------------------|-----------------|---|------------------|
| <b>Six months ended June 30, 2024</b> |                 |   |                  |
| Balance at beginning of period        | \$ 8,792        | \$ 3,221                                    | \$ 12,013        |
| Originations and transfers            | 30,186          | 17,409                                      | 47,595           |
| Sales                                 | (31,775)        | (17,301)                                    | (49,076)         |
| Principal payoffs and amortization    | (54)            | (11)  | (65)             |
| <b>Balance at end of period</b>       | <b>\$ 7,149</b> | <b>\$ 3,318</b>                             | <b>\$ 10,467</b> |
| <b>Six months ended June 30, 2023</b> |                 |   |                  |
| Balance at beginning of period        | \$ 3,775        | \$ 4,268                                    | \$ 8,043         |
| Originations and transfers            | 30,881          | 18,023                                      | 48,904           |
| Sales                                 | (29,111)        | (20,532)                                    | (49,643)         |
| Principal payoffs and amortization    | (1)             | (10)  | (11)             |
| <b>Balance at end of period</b>       | <b>\$ 5,544</b> | <b>\$ 1,749</b>                             | <b>\$ 7,293</b>  |

The following table presents loans purchased by portfolio segment for the following periods:

|                           | Three Months Ended<br>June 30, |             | Six Months Ended<br>June 30, |             |
|---------------------------|--------------------------------|-------------|------------------------------|-------------|
|                           | 2024                           | 2023        | 2024                         | 2023        |
|                           | (in thousands)                 |             |                              |             |
| Commercial real estate    | \$ 6,060                       | \$ —        | \$ 6,334                     | \$ —        |
| Commercial and industrial | 8,398                          | —           | 18,322                       | —           |
| Residential real estate   | 5,178                          | —           | 5,178                        | —           |
| <b>Total</b>              | <b>\$ 19,636</b>               | <b>\$ —</b> | <b>\$ 29,834</b>             | <b>\$ —</b> |

#### Allowance for Credit Losses

The following table details the information on the allowance for credit losses by portfolio segment for the following periods:

|   | Real Estate      | Commercial and Industrial<br>(in thousands) | Equipment Financing Agreements | Total            |
|---|------------------|---|--------------------------------|------------------|
| <b>Three months ended June 30, 2024</b> |                  |   |                                |                  |
| <b>Balance at beginning of period</b>   | \$ 42,584        | \$ 11,836                                   | \$ 13,850                      | \$ 68,270        |
| Charge-offs                             | (93)             | (93)  | (2,152)                        | (2,338)          |
| Recoveries                              | 64               | 166   | 318                            | 548              |
| Credit loss expense (recovery)          | (403)            | (1,346)                                     | 2,998                          | 1,249            |
| <b>Ending balance</b>                   | <b>\$ 42,152</b> | <b>\$ 10,563</b>                            | <b>\$ 15,014</b>               | <b>\$ 67,729</b> |
| <b>Three months ended June 30, 2023</b> |                  |   |                                |                  |
| <b>Balance at beginning of period</b>   | \$ 43,531        | \$ 15,333                                   | \$ 13,385                      | \$ 72,249        |
| Charge-offs                             | —                | (103)                                       | (2,604)                        | (2,707)          |
| Recoveries                              | 62               | 555   | 350                            | 967              |
| Credit loss expense (recovery)          | (539)            | 244   | 810                            | 515              |
| <b>Ending balance</b>                   | <b>\$ 43,054</b> | <b>\$ 16,029</b>                            | <b>\$ 11,941</b>               | <b>\$ 71,024</b> |

|                                       | Real Estate      | Commercial and Industrial<br>(in thousands) | Equipment Financing Agreements | Total            |
|---------------------------------------|------------------|---|--------------------------------|------------------|
| <b>Six months ended June 30, 2024</b> |                  |   |                                |                  |
| Balance at beginning of period        | \$ 45,499        | \$ 10,257                                   | \$ 13,706                      | \$ 69,462        |
| Charge-offs                           | (93)             | (248)                                       | (4,120)                        | (4,461)          |
| Recoveries                            | 111              | 224   | 741                            | 1,076            |
| Credit loss expense (recovery)        | (3,365)          | 330   | 4,687                          | 1,652            |
| <b>Ending balance</b>                 | <b>\$ 42,152</b> | <b>\$ 10,563</b>                            | <b>\$ 15,014</b>               | <b>\$ 67,729</b> |
| <b>Six months ended June 30, 2023</b> |                  |   |                                |                  |
| Balance at beginning of period        | \$ 44,026        | \$ 15,267                                   | \$ 12,230                      | \$ 71,523        |
| Charge-offs                           | (412)            | (312)                                       | (4,220)                        | (4,944)          |
| Recoveries                            | 130              | 791   | 829                            | 1,750            |
| Credit loss expense (recovery)        | (690)            | 283   | 3,102                          | 2,695            |
| <b>Ending balance</b>                 | <b>\$ 43,054</b> | <b>\$ 16,029</b>                            | <b>\$ 11,941</b>               | <b>\$ 71,024</b> |

The table below presents the allowance for credit losses by portfolio segment as a percentage of the total allowance for credit losses and loans by portfolio segment as a percentage of the aggregate investment of loans receivable as of:

|                                 | June 30, 2024    |                               |                     | December 31, 2023         |                  |                               |
|---------------------------------|------------------|-------------------------------|---------------------|---------------------------|------------------|-------------------------------|
|                                 | Allowance Amount | Percentage of Total Allowance | Total Loans         | Percentage of Total Loans | Allowance Amount | Percentage of Total Allowance |
|                                 |                  |                               |                     |                           |                  |                               |
| <i>(dollars in thousands)</i>   |                  |                               |                     |                           |                  |                               |
| Real estate loans:              |                  |                               |                     |                           |                  |                               |
| Commercial property             |                  |                               |                     |                           |                  |                               |
| Retail                          | \$ 10,126        | 15.0 %                        | \$ 1,094,728        | 17.7 %                    | \$ 10,264        | 14.8 %                        |
| Hospitality                     | 11,995           | 17.7                          | 754,600             | 12.2                      | 15,534           | 22.4                          |
| Office                          | 3,712            | 5.5                           | 572,532             | 9.3                       | 3,024            | 4.4                           |
| Other                           | 7,889            | 11.6                          | 1,360,139           | 22.0                      | 8,663            | 12.4                          |
| Total commercial property loans | 33,722           | 49.8                          | 3,781,999           | 61.2                      | 37,485           | 54.0                          |
| Construction                    | 2,371            | 3.5                           | 106,506             | 1.7                       | 2,756            | 4.0                           |
| Residential                     | 6,060            | 8.9                           | 954,209             | 15.5                      | 5,258            | 7.5                           |
| Total real estate loans         | 42,153           | 62.2                          | 4,842,714           | 78.4                      | 45,499           | 65.5                          |
| Commercial and industrial loans | 10,563           | 15.6                          | 802,372             | 13.0                      | 10,257           | 14.8                          |
| Equipment financing agreements  | 15,013           | 22.2                          | 531,273             | 8.6                       | 13,706           | 19.7                          |
| <b>Total</b>                    | <b>\$ 67,729</b> | <b>100.0 %</b>                | <b>\$ 6,176,359</b> | <b>100.0 %</b>            | <b>\$ 69,462</b> | <b>100.0 %</b>                |

The following table represents the amortized cost basis of collateral-dependent loans by class of loans, for which repayment is expected to be obtained through the sale of the underlying collateral, as of:

|                                 | June 30, 2024   | December 31, 2023 |
|---------------------------------|-----------------|-------------------|
|                                 |                 |                   |
| <i>(in thousands)</i>           |                 |                   |
| Real estate loans:              |                 |                   |
| Commercial property             |                 |                   |
| Retail                          | \$ 560          | \$ 1,530          |
| Hospitality                     | 282             | 338               |
| Other                           | 2,950           | 305               |
| Total commercial property loans | 3,792           | 2,173             |
| Construction                    | 1,225           | —                 |
| Residential                     | 813             | 1                 |
| Total real estate loans         | 5,830           | 2,174             |
| Commercial and industrial loans | 3,927           | 5,178             |
| <b>Total</b>                    | <b>\$ 9,757</b> | <b>\$ 7,352</b>   |

#### Loan Quality Indicators

As part of the on-going monitoring of the quality of our loans portfolio, we utilize an internal loan grading system to identify credit risk and assign an appropriate grade (from 1 to 8) for each loan in our portfolio. Third-party loan reviews are conducted annually on a sample basis. Additional adjustments are made when determined to be necessary. The loan grade definitions are as follows:

**Pass and Pass-Watch:** Pass and Pass-Watch loans, grades (1-4), are in compliance with the Bank's credit policy and regulatory requirements, and do not exhibit any potential or defined weaknesses as defined under "Special Mention", "Substandard"

or "Doubtful." This category is the strongest level of the Bank's loan grading system. It consists of all performing loans with no identified credit weaknesses. It includes cash and stock/security secured loans or other investment grade loans.

**Special Mention:** A Special Mention loan, grade (5), has potential weaknesses that deserve management's close attention. If not corrected, these potential weaknesses may result in deterioration of the repayment of the debt and result in a Substandard classification. Loans that have significant actual, not potential, weaknesses are considered more severely classified.

**Substandard:** A Substandard loan, grade (6), has a well-defined weakness that jeopardizes the liquidation of the debt. A loan graded Substandard is not protected by the sound worth and paying capacity of the borrower, or of the value and type of collateral pledged. With a Substandard loan, there is a distinct possibility that the Bank will sustain some loss if the weaknesses or deficiencies are not corrected.

**Doubtful:** A Doubtful loan, grade (7), is one that has critical weaknesses that would make the collection or liquidation of the full amount due improbable. However, there may be pending events which may work to strengthen the loan, and therefore the amount or timing of a possible loss cannot be determined at the current time.

**Loss:** A loan classified as Loss, grade (8), is considered uncollectible and of such little value that their continuance as active bank assets is not warranted. This classification does not mean that the loan has absolutely no recovery or salvage value, but rather it is not practical or desirable to defer writing off this asset even though partial recovery may be possible in the future. Loans classified as Loss will be charged off in a timely manner.

Under regulatory guidance, loans graded special mention or worse are considered criticized loans, and loans graded substandard or worse are considered classified loans.

## Loans by Vintage Year and Risk Rating

| Term Loans  |                |              |              |              |            |            |   |              |
|---|----------------|--------------|--------------|--------------|------------|------------|---|--------------|
| Amortized Cost Basis by Origination Year <sup>(1)</sup> |                |              |              |              |            |            |   |              |
|   | 2024           | 2023         | 2022         | 2021         | 2020       | Prior      | Revolving<br>Loans<br>Amortized<br>Cost Basis | Total        |
|   | (in thousands) |              |              |              |            |            |   |              |
| June 30, 2024   |                |              |              |              |            |            |   |              |
| Real estate loans:                                      |                |              |              |              |            |            |   |              |
| Commercial property                                     |                |              |              |              |            |            |   |              |
| Risk Rating   |                |              |              |              |            |            |   |              |
| Pass / Pass-Watch                                       | \$ 275,556     | \$ 591,728   | \$ 969,146   | \$ 835,446   | \$ 566,215 | \$ 482,632 | \$ 35,069                                     | \$ 3,755,792 |
| Special Mention   | 6,168          | —            | —            | —            | 1,312      | 260        | —   | 7,740        |
| Classified  | 190            | —            | 6,146        | 3,212        | —          | 8,919      | —   | 18,467       |
| Total commercial property                               | 281,914        | 591,728      | 975,292      | 838,658      | 567,527    | 491,811    | 35,069  | 3,781,999    |
| YTD gross charge-offs                                   | —              | —            | —            | —            | —          | 93         | —   | 93           |
| YTD net charge-offs (recoveries)                        | —              | —            | —            | —            | (13 )      | (3 )       | —   | (16 )        |
| Construction  |                |              |              |              |            |            |   |              |
| Risk Rating   |                |              |              |              |            |            |   |              |
| Pass / Pass-Watch                                       | 50,939         | 26,024       | —            | —            | —          | —          | —   | 76,963       |
| Special Mention   | —              | —            | 28,318       | —            | —          | —          | —   | 28,318       |
| Classified  | 1,225          | —            | —            | —            | —          | —          | —   | 1,225        |
| Total construction                                      | 52,164         | 26,024       | 28,318       | —            | —          | —          | —   | 106,506      |
| YTD gross charge-offs                                   | —              | —            | —            | —            | —          | —          | —   | —            |
| YTD net charge-offs (recoveries)                        | —              | —            | —            | —            | —          | —          | —   | —            |
| Residential   |                |              |              |              |            |            |   |              |
| Risk Rating   |                |              |              |              |            |            |   |              |
| Pass / Pass-Watch                                       | 68,358         | 239,937      | 361,458      | 153,374      | 12,387     | 111,714    | 5,461   | 952,689      |
| Special Mention   | —              | —            | —            | —            | —          | —          | 250   | 250          |
| Classified  | —              | 1,270        | —            | —            | —          | —          | —   | 1,270        |
| Total residential                                       | 68,358         | 241,207      | 361,458      | 153,374      | 12,387     | 111,714    | 5,711   | 954,209      |
| YTD gross charge-offs                                   | —              | —            | —            | —            | —          | —          | —   | —            |
| YTD net charge-offs (recoveries)                        | —              | —            | —            | —            | —          | (2 )       | —   | (2 )         |
| Total real estate loans                                 |                |              |              |              |            |            |   |              |
| Risk Rating   |                |              |              |              |            |            |   |              |
| Pass / Pass-Watch                                       | 394,853        | 857,689      | 1,330,604    | 988,820      | 578,602    | 594,346    | 40,530  | 4,785,444    |
| Special Mention   | 6,168          | —            | —            | 28,318       | 1,312      | 260        | 250   | 36,308       |
| Classified  | 1,415          | 1,270        | 6,146        | 3,212        | —          | 8,919      | —   | 20,962       |
| Total real estate loans                                 | 402,436        | 858,959      | 1,336,750    | 1,020,350    | 579,914    | 603,525    | 40,780  | 4,842,714    |
| YTD gross charge-offs                                   | —              | —            | —            | —            | —          | 93         | —   | 93           |
| YTD net charge-offs (recoveries)                        | —              | —            | —            | —            | (13 )      | (5 )       | —   | (18 )        |
| Commercial and industrial loans:                        |                |              |              |              |            |            |   |              |
| Risk Rating   |                |              |              |              |            |            |   |              |
| Pass / Pass-Watch                                       | 131,352        | 80,571       | 138,965      | 46,328       | 16,075     | 17,018     | 367,024                                       | 797,333      |
| Special Mention   | 294            | —            | —            | —            | 97         | 23         | 200   | 614          |
| Classified  | —              | —            | 93           | —            | 13         | 392        | 3,927   | 4,425        |
| Total commercial and industrial loans                   | 131,646        | 80,571       | 139,058      | 46,328       | 16,185     | 17,433     | 371,151                                       | 802,372      |
| YTD gross charge-offs                                   | —              | 64           | 155          | —            | —          | 29         | —   | 248          |
| YTD net charge-offs (recoveries)                        | —              | 64           | 153          | —            | —          | (20 )      | (173 )  | 24           |
| Equipment financing agreements:                         |                |              |              |              |            |            |   |              |
| Risk Rating   |                |              |              |              |            |            |   |              |
| Pass / Pass-Watch                                       | 73,866         | 179,004      | 169,734      | 75,420       | 15,330     | 9,360      | —   | 522,714      |
| Special Mention   | —              | —            | —            | —            | —          | —          | —   | —            |
| Classified  | —              | 1,534        | 4,113        | 2,256        | 239        | 417        | —   | 8,559        |
| Total equipment financing agreements                    | 73,866         | 180,538      | 173,847      | 77,676       | 15,569     | 9,777      | —   | 531,273      |
| YTD gross charge-offs                                   | —              | 347          | 2,525        | 874          | 262        | 112        | —   | 4,120        |
| YTD net charge-offs (recoveries)                        | —              | 315          | 2,302        | 685          | 219        | (142 )     | —   | 3,379        |
| Total loans receivable:                                 |                |              |              |              |            |            |   |              |
| Risk Rating   |                |              |              |              |            |            |   |              |
| Pass / Pass-Watch                                       | 600,071        | 1,117,264    | 1,639,303    | 1,110,568    | 610,007    | 620,724    | 407,554                                       | 6,105,491    |
| Special Mention   | 6,462          | —            | —            | 28,318       | 1,409      | 283        | 450   | 36,922       |
| Classified  | 1,415          | 2,804        | 10,352       | 5,468        | 252        | 9,728      | 3,927   | 33,946       |
| Total loans receivable                                  | \$ 607,948     | \$ 1,120,068 | \$ 1,649,655 | \$ 1,144,354 | \$ 611,668 | \$ 630,735 | \$ 411,931                                    | \$ 6,176,359 |
| YTD gross charge-offs                                   | —              | 411          | 2,680        | 874          | 262        | 234        | —   | 4,461        |
| YTD net charge-offs (recoveries)                        | —              | 379          | 2,455        | 685          | 206        | (167 )     | (173 )  | 3,385        |

<sup>(1)</sup>Includes extensions, renewals, or modifications of credit contracts, which consist of a new credit decision.





**Term Loans**  
**Amortized Cost Basis by Origination Year <sup>(1)</sup>**

|                                       | 2023                | 2022                | 2021                | 2020              | 2019              | Prior             | Revolving<br>Loans<br>Amortized<br>Cost Basis | Total               |
|---------------------------------------|---------------------|---------------------|---------------------|-------------------|-------------------|-------------------|---|---------------------|
| <b>December 31, 2023</b>              |                     |                     |                     |                   |                   |                   |   |                     |
| Real estate loans:                    |                     |                     |                     |                   |                   |                   |   |                     |
| Commercial property                   |                     |                     |                     |                   |                   |                   |   |                     |
| Risk Rating                           |                     |                     |                     |                   |                   |                   |   |                     |
| Pass / Pass-Watch                     | \$ 683,819          | \$ 986,822          | \$ 858,821          | \$ 572,950        | \$ 378,067        | \$ 238,400        | \$ 30,236                                     | \$ 3,749,115        |
| Special Mention                       | 4,400               | 3,997               | 3,271               | 5,670             | 711               | 2,310             | 1,406   | 21,765              |
| Classified                            | 3,065               | 1,080               | 4,899               | —                 | 5,578             | 3,892             | —   | 18,514              |
| Total commercial property             | <u>691,284</u>      | <u>991,899</u>      | <u>866,991</u>      | <u>578,620</u>    | <u>384,356</u>    | <u>244,602</u>    | <u>31,642</u>                                 | <u>3,789,394</u>    |
| YTD gross charge-offs                 | —                   | —                   | —                   | 411               | —                 | 216               | —   | 627                 |
| YTD net charge-offs (recoveries)      | —                   | —                   | —                   | 403               | —                 | (81)              | —   | 322                 |
| Construction                          |                     |                     |                     |                   |                   |                   |   |                     |
| Risk Rating                           |                     |                     |                     |                   |                   |                   |   |                     |
| Pass / Pass-Watch                     | 72,039              | —                   | —                   | —                 | —                 | —                 | —   | 72,039              |
| Special Mention                       | —                   | —                   | 28,306              | —                 | —                 | —                 | —   | 28,306              |
| Classified                            | —                   | —                   | —                   | —                 | —                 | —                 | —   | —                   |
| Total construction                    | <u>72,039</u>       | <u>—</u>            | <u>28,306</u>       | <u>—</u>          | <u>—</u>          | <u>—</u>          | <u>—</u>                                      | <u>100,345</u>      |
| YTD gross charge-offs                 | —                   | —                   | —                   | —                 | —                 | —                 | —   | —                   |
| YTD net charge-offs (recoveries)      | —                   | —                   | —                   | —                 | —                 | —                 | —   | —                   |
| Residential                           |                     |                     |                     |                   |                   |                   |   |                     |
| Risk Rating                           |                     |                     |                     |                   |                   |                   |   |                     |
| Pass / Pass-Watch                     | 290,196             | 375,712             | 158,618             | 12,656            | 217               | 119,736           | 5,025   | 962,160             |
| Special Mention                       | —                   | —                   | —                   | —                 | —                 | —                 | 500   | 500                 |
| Classified                            | —                   | —                   | —                   | —                 | —                 | 1                 | —   | 1                   |
| Total residential                     | <u>290,196</u>      | <u>375,712</u>      | <u>158,618</u>      | <u>12,656</u>     | <u>217</u>        | <u>119,737</u>    | <u>5,525</u>                                  | <u>962,661</u>      |
| YTD gross charge-offs                 | —                   | —                   | —                   | —                 | —                 | —                 | —   | —                   |
| YTD net charge-offs (recoveries)      | —                   | —                   | —                   | —                 | —                 | (7)               | —   | (7)                 |
| Total real estate loans               |                     |                     |                     |                   |                   |                   |   |                     |
| Risk Rating                           |                     |                     |                     |                   |                   |                   |   |                     |
| Pass / Pass-Watch                     | 1,046,054           | 1,362,534           | 1,017,439           | 585,606           | 378,284           | 358,136           | 35,261  | 4,783,314           |
| Special Mention                       | 4,400               | 3,997               | 31,577              | 5,670             | 711               | 2,310             | 1,906   | 50,571              |
| Classified                            | 3,065               | 1,080               | 4,899               | —                 | 5,578             | 3,893             | —   | 18,515              |
| Total real estate loans               | <u>1,053,519</u>    | <u>1,367,611</u>    | <u>1,053,915</u>    | <u>591,276</u>    | <u>384,573</u>    | <u>364,339</u>    | <u>37,167</u>                                 | <u>4,852,400</u>    |
| YTD gross charge-offs                 | —                   | —                   | —                   | 411               | —                 | 216               | —   | 627                 |
| YTD net charge-offs (recoveries)      | —                   | —                   | —                   | 403               | —                 | (88)              | —   | 315                 |
| Commercial and industrial loans:      |                     |                     |                     |                   |                   |                   |   |                     |
| Risk Rating                           |                     |                     |                     |                   |                   |                   |   |                     |
| Pass / Pass-Watch                     | 177,864             | 169,209             | 84,198              | 31,348            | 9,971             | 12,920            | 242,044                                       | 727,554             |
| Special Mention                       | —                   | 14,578              | —                   | 102               | —                 | 65                | (1)   | 14,744              |
| Classified                            | 329                 | —                   | —                   | —                 | 79                | 174               | 4,939   | 5,521               |
| Total commercial and industrial loans | <u>178,193</u>      | <u>183,787</u>      | <u>84,198</u>       | <u>31,450</u>     | <u>10,050</u>     | <u>13,159</u>     | <u>246,982</u>                                | <u>747,819</u>      |
| YTD gross charge-offs                 | —                   | 17                  | —                   | —                 | 110               | 410               | 6,120   | 6,657               |
| YTD net charge-offs (recoveries)      | —                   | 5                   | (7)                 | —                 | 101               | (6,621)           | 6,090   | (432)               |
| Equipment financing agreements:       |                     |                     |                     |                   |                   |                   |   |                     |
| Risk Rating                           |                     |                     |                     |                   |                   |                   |   |                     |
| Pass / Pass-Watch                     | 215,670             | 211,228             | 101,622             | 24,340            | 18,832            | 3,192             | —   | 574,884             |
| Special Mention                       | —                   | —                   | —                   | —                 | —                 | —                 | —   | —                   |
| Classified                            | 392                 | 4,171               | 1,945               | 365               | 401               | 57                | —   | 7,331               |
| Total equipment financing agreements  | <u>216,062</u>      | <u>215,399</u>      | <u>103,567</u>      | <u>24,705</u>     | <u>19,233</u>     | <u>3,249</u>      | <u>—</u>                                      | <u>582,215</u>      |
| YTD gross charge-offs                 | 178                 | 3,944               | 3,267               | 386               | 799               | 232               | —   | 8,806               |
| YTD net charge-offs (recoveries)      | 178                 | 3,744               | 2,858               | 244               | 250               | (114)             | —   | 7,160               |
| Total loans receivable:               |                     |                     |                     |                   |                   |                   |   |                     |
| Risk Rating                           |                     |                     |                     |                   |                   |                   |   |                     |
| Pass / Pass-Watch                     | 1,439,588           | 1,742,971           | 1,203,259           | 641,294           | 407,087           | 374,248           | 277,305                                       | 6,085,752           |
| Special Mention                       | 4,400               | 18,575              | 31,577              | 5,772             | 711               | 2,375             | 1,905   | 65,315              |
| Classified                            | 3,786               | 5,251               | 6,844               | 365               | 6,058             | 4,124             | 4,939   | 31,367              |
| Total loans receivable                | <u>\$ 1,447,774</u> | <u>\$ 1,766,797</u> | <u>\$ 1,241,680</u> | <u>\$ 647,431</u> | <u>\$ 413,856</u> | <u>\$ 380,747</u> | <u>\$ 284,149</u>                             | <u>\$ 6,182,434</u> |
| YTD gross charge-offs                 | 178                 | 3,961               | 3,267               | 797               | 909               | 858               | 6,120   | 16,090              |
| YTD net charge-offs (recoveries)      | 178                 | 3,749               | 2,851               | 647               | 351               | (6,823)           | 6,090   | 7,043               |

<sup>(1)</sup>Includes extensions, renewals, or modifications of credit contracts, which consist of a new credit decision.

## Loans by Vintage Year and Payment Performance

|                                       | Term Loans  |                     |                     |                     |                   |                   | Revolving<br>Loans<br>Amortized<br>Cost Basis | Total               |
|---------------------------------------|---|---------------------|---------------------|---------------------|-------------------|-------------------|---|---------------------|
|                                       | Amortized Cost Basis by Origination Year <sup>(1)</sup> |                     |                     |                     |                   |                   |   |                     |
|                                       | 2024  | 2023                | 2022                | 2021                | 2020              | Prior             |   |                     |
|                                       | (in thousands)  |                     |                     |                     |                   |                   |   |                     |
| June 30, 2024                         |   |                     |                     |                     |                   |                   |   |                     |
| Real estate loans:                    |   |                     |                     |                     |                   |                   |   |                     |
| Commercial property                   |   |                     |                     |                     |                   |                   |   |                     |
| Payment performance                   |   |                     |                     |                     |                   |                   |   |                     |
| Performing                            | \$ 281,724  | \$ 591,728          | \$ 975,172          | \$ 838,658          | \$ 567,527        | \$ 487,487        | \$ 35,069                                     | \$ 3,777,365        |
| Nonperforming                         | 190   | —                   | 120                 | —                   | —                 | 4,324             | —   | 4,634               |
| Total commercial property             | <u>281,914</u>  | <u>591,728</u>      | <u>975,292</u>      | <u>838,658</u>      | <u>567,527</u>    | <u>491,811</u>    | <u>35,069</u>                                 | <u>3,781,999</u>    |
| YTD gross charge-offs                 | —   | —                   | —                   | —                   | —                 | 93                | —   | 93                  |
| YTD net charge-offs (recoveries)      | —   | —                   | —                   | —                   | (13)              | (3)               | —   | (16)                |
| Construction                          |   |                     |                     |                     |                   |                   |   |                     |
| Payment performance                   |   |                     |                     |                     |                   |                   |   |                     |
| Performing                            | 50,939  | 26,024              | —                   | 28,318              | —                 | —                 | —   | 105,281             |
| Nonperforming                         | 1,225   | —                   | —                   | —                   | —                 | —                 | —   | 1,225               |
| Total construction                    | <u>52,164</u>   | <u>26,024</u>       | <u>—</u>            | <u>28,318</u>       | <u>—</u>          | <u>—</u>          | <u>—</u>                                      | <u>106,506</u>      |
| YTD gross charge-offs                 | —   | —                   | —                   | —                   | —                 | —                 | —   | —                   |
| YTD net charge-offs (recoveries)      | —   | —                   | —                   | —                   | —                 | —                 | —   | —                   |
| Residential                           |   |                     |                     |                     |                   |                   |   |                     |
| Payment performance                   |   |                     |                     |                     |                   |                   |   |                     |
| Performing                            | 68,358  | 241,207             | 361,458             | 153,374             | 12,053            | 111,235           | 5,711   | 953,396             |
| Nonperforming                         | —   | —                   | —                   | —                   | 334               | 479               | —   | 813                 |
| Total residential                     | <u>68,358</u>   | <u>241,207</u>      | <u>361,458</u>      | <u>153,374</u>      | <u>12,387</u>     | <u>111,714</u>    | <u>5,711</u>                                  | <u>954,209</u>      |
| YTD gross charge-offs                 | —   | —                   | —                   | —                   | —                 | —                 | —   | —                   |
| YTD net charge-offs (recoveries)      | —   | —                   | —                   | —                   | —                 | (2)               | —   | (2)                 |
| Total real estate loans               |   |                     |                     |                     |                   |                   |   |                     |
| Payment performance                   |   |                     |                     |                     |                   |                   |   |                     |
| Performing                            | 401,021   | 858,959             | 1,336,630           | 1,020,350           | 579,580           | 598,722           | 40,780  | 4,836,042           |
| Nonperforming                         | 1,415   | —                   | 120                 | —                   | 334               | 4,803             | —   | 6,672               |
| Total real estate loans               | <u>402,436</u>  | <u>858,959</u>      | <u>1,336,750</u>    | <u>1,020,350</u>    | <u>579,914</u>    | <u>603,525</u>    | <u>40,780</u>                                 | <u>4,842,714</u>    |
| YTD gross charge-offs                 | —   | —                   | —                   | —                   | —                 | 93                | —   | 93                  |
| YTD net charge-offs (recoveries)      | —   | —                   | —                   | —                   | (13)              | (5)               | —   | (18)                |
| Commercial and industrial loans:      |   |                     |                     |                     |                   |                   |   |                     |
| Payment performance                   |   |                     |                     |                     |                   |                   |   |                     |
| Performing                            | 131,646   | 80,571              | 139,058             | 46,328              | 16,185            | 17,346            | 367,224                                       | 798,358             |
| Nonperforming                         | —   | —                   | —                   | —                   | —                 | 87                | 3,927   | 4,014               |
| Total commercial and industrial loans | <u>131,646</u>  | <u>80,571</u>       | <u>139,058</u>      | <u>46,328</u>       | <u>16,185</u>     | <u>17,433</u>     | <u>371,151</u>                                | <u>802,372</u>      |
| YTD gross charge-offs                 | —   | 64                  | 155                 | —                   | —                 | 29                | —   | 248                 |
| YTD net charge-offs (recoveries)      | —   | 64                  | 153                 | —                   | —                 | (20)              | (173)   | 24                  |
| Equipment financing agreements:       |   |                     |                     |                     |                   |                   |   |                     |
| Payment performance                   |   |                     |                     |                     |                   |                   |   |                     |
| Performing                            | 73,866  | 179,004             | 169,734             | 75,420              | 15,330            | 9,360             | —   | 522,714             |
| Nonperforming                         | —   | 1,534               | 4,113               | 2,256               | 239               | 417               | —   | 8,559               |
| Total equipment financing agreements  | <u>73,866</u>   | <u>180,538</u>      | <u>173,847</u>      | <u>77,676</u>       | <u>15,569</u>     | <u>9,777</u>      | <u>—</u>                                      | <u>531,273</u>      |
| YTD gross charge-offs                 | —   | 347                 | 2,525               | 874                 | 262               | 112               | —   | 4,120               |
| YTD net charge-offs (recoveries)      | —   | 315                 | 2,302               | 685                 | 219               | (142)             | —   | 3,379               |
| Total loans receivable:               |   |                     |                     |                     |                   |                   |   |                     |
| Payment performance                   |   |                     |                     |                     |                   |                   |   |                     |
| Performing                            | 606,533   | 1,118,534           | 1,645,422           | 1,142,098           | 611,095           | 625,428           | 408,004                                       | 6,157,114           |
| Nonperforming                         | 1,415   | 1,534               | 4,233               | 2,256               | 573               | 5,307             | 3,927   | 19,245              |
| Total loans receivable                | <u>\$ 607,948</u>                                       | <u>\$ 1,120,068</u> | <u>\$ 1,649,655</u> | <u>\$ 1,144,354</u> | <u>\$ 611,668</u> | <u>\$ 630,735</u> | <u>\$ 411,931</u>                             | <u>\$ 6,176,359</u> |
| YTD gross charge-offs                 | —   | 411                 | 2,680               | 874                 | 262               | 234               | —   | 4,461               |
| YTD net charge-offs (recoveries)      | —   | 379                 | 2,455               | 685                 | 206               | (167)             | (173)   | 3,385               |

<sup>(1)</sup>Includes extensions, renewals, or modifications of credit contracts, which consist of a new credit decision.

**Term Loans**  
**Amortized Cost Basis by Origination Year <sup>(1)</sup>**

|                                       | 2023                       | 2022                       | 2021                       | 2020                     | 2019                     | Prior                    | Revolving<br>Loans<br>Amortized<br>Cost Basis | Total                      |
|---------------------------------------|----------------------------|----------------------------|----------------------------|--------------------------|--------------------------|--------------------------|---|----------------------------|
| <b>December 31, 2023</b>              |                            |                            |                            |                          |                          |                          |   |                            |
| Real estate loans:                    |                            |                            |                            |                          |                          |                          |   |                            |
| Commercial property                   |                            |                            |                            |                          |                          |                          |   |                            |
| Payment performance                   |                            |                            |                            |                          |                          |                          |   |                            |
| Performing                            | \$ 689,449                 | \$ 991,899                 | \$ 866,841                 | \$ 578,620               | \$ 384,275               | \$ 243,819               | \$ 31,642                                     | \$ 3,786,545               |
| Nonperforming                         | 1,835                      | —                          | 150                        | —                        | 81                       | 783                      | —   | 2,849                      |
| Total commercial property             | <u>691,284</u>             | <u>991,899</u>             | <u>866,991</u>             | <u>578,620</u>           | <u>384,356</u>           | <u>244,602</u>           | <u>31,642</u>                                 | <u>3,789,394</u>           |
| YTD gross charge-offs                 | —                          | —                          | —                          | 411                      | —                        | 216                      | —   | 627                        |
| YTD net charge-offs (recoveries)      | —                          | —                          | —                          | 403                      | —                        | (81)                     | —   | 322                        |
| Construction                          |                            |                            |                            |                          |                          |                          |   |                            |
| Payment performance                   |                            |                            |                            |                          |                          |                          |   |                            |
| Performing                            | 72,039                     | —                          | 28,306                     | —                        | —                        | —                        | —   | 100,345                    |
| Nonperforming                         | —                          | —                          | —                          | —                        | —                        | —                        | —   | —                          |
| Total construction                    | <u>72,039</u>              | <u>—</u>                   | <u>28,306</u>              | <u>—</u>                 | <u>—</u>                 | <u>—</u>                 | <u>—</u>                                      | <u>100,345</u>             |
| YTD gross charge-offs                 | —                          | —                          | —                          | —                        | —                        | —                        | —   | —                          |
| YTD net charge-offs (recoveries)      | —                          | —                          | —                          | —                        | —                        | —                        | —   | —                          |
| Residential                           |                            |                            |                            |                          |                          |                          |   |                            |
| Payment performance                   |                            |                            |                            |                          |                          |                          |   |                            |
| Performing                            | 290,196                    | 375,712                    | 158,618                    | 12,656                   | 217                      | 119,736                  | 5,525   | 962,660                    |
| Nonperforming                         | —                          | —                          | —                          | —                        | —                        | 1                        | —   | 1                          |
| Total residential                     | <u>290,196</u>             | <u>375,712</u>             | <u>158,618</u>             | <u>12,656</u>            | <u>217</u>               | <u>119,737</u>           | <u>5,525</u>                                  | <u>962,661</u>             |
| YTD gross charge-offs                 | —                          | —                          | —                          | —                        | —                        | —                        | —   | —                          |
| YTD net charge-offs (recoveries)      | —                          | —                          | —                          | —                        | —                        | (7)                      | —   | (7)                        |
| Total real estate loans               |                            |                            |                            |                          |                          |                          |   |                            |
| Payment performance                   |                            |                            |                            |                          |                          |                          |   |                            |
| Performing                            | 1,051,684                  | 1,367,611                  | 1,053,765                  | 591,276                  | 384,492                  | 363,555                  | 37,167  | 4,849,550                  |
| Nonperforming                         | 1,835                      | —                          | 150                        | —                        | 81                       | 784                      | —   | 2,850                      |
| Total real estate loans               | <u>1,053,519</u>           | <u>1,367,611</u>           | <u>1,053,915</u>           | <u>591,276</u>           | <u>384,573</u>           | <u>364,339</u>           | <u>37,167</u>                                 | <u>4,852,400</u>           |
| YTD gross charge-offs                 | —                          | —                          | —                          | 411                      | —                        | 216                      | —   | 627                        |
| YTD net charge-offs (recoveries)      | —                          | —                          | —                          | 403                      | —                        | (88)                     | —   | 315                        |
| Commercial and industrial loans:      |                            |                            |                            |                          |                          |                          |   |                            |
| Payment performance                   |                            |                            |                            |                          |                          |                          |   |                            |
| Performing                            | 177,864                    | 183,787                    | 84,198                     | 31,415                   | 10,050                   | 13,066                   | 242,134                                       | 742,514                    |
| Nonperforming                         | 329                        | —                          | —                          | 35                       | —                        | 93                       | 4,848   | 5,305                      |
| Total commercial and industrial loans | <u>178,193</u>             | <u>183,787</u>             | <u>84,198</u>              | <u>31,450</u>            | <u>10,050</u>            | <u>13,159</u>            | <u>246,982</u>                                | <u>747,819</u>             |
| YTD gross charge-offs                 | —                          | 17                         | —                          | —                        | 110                      | 410                      | 6,120   | 6,657                      |
| YTD net charge-offs (recoveries)      | —                          | 5                          | (7)                        | —                        | 101                      | (6,621)                  | 6,090   | (432)                      |
| Equipment financing agreements:       |                            |                            |                            |                          |                          |                          |   |                            |
| Payment performance                   |                            |                            |                            |                          |                          |                          |   |                            |
| Performing                            | 215,670                    | 211,228                    | 101,622                    | 24,340                   | 18,844                   | 3,192                    | —   | 574,896                    |
| Nonperforming                         | 392                        | 4,171                      | 1,945                      | 365                      | 389                      | 57                       | —   | 7,319                      |
| Total equipment financing agreements  | <u>216,062</u>             | <u>215,399</u>             | <u>103,567</u>             | <u>24,705</u>            | <u>19,233</u>            | <u>3,249</u>             | <u>—</u>                                      | <u>582,215</u>             |
| YTD gross charge-offs                 | 178                        | 3,944                      | 3,267                      | 386                      | 799                      | 232                      | —   | 8,806                      |
| YTD net charge-offs (recoveries)      | 178                        | 3,744                      | 2,858                      | 244                      | 250                      | (114)                    | —   | 7,160                      |
| Total loans receivable:               |                            |                            |                            |                          |                          |                          |   |                            |
| Payment performance                   |                            |                            |                            |                          |                          |                          |   |                            |
| Performing                            | 1,445,218                  | 1,762,626                  | 1,239,585                  | 647,031                  | 413,386                  | 379,813                  | 279,301                                       | 6,166,960                  |
| Nonperforming                         | 2,556                      | 4,171                      | 2,095                      | 400                      | 470                      | 934                      | 4,848   | 15,474                     |
| <b>Total loans receivable</b>         | <u><b>\$ 1,447,774</b></u> | <u><b>\$ 1,766,797</b></u> | <u><b>\$ 1,241,680</b></u> | <u><b>\$ 647,431</b></u> | <u><b>\$ 413,856</b></u> | <u><b>\$ 380,747</b></u> | <u><b>\$ 284,149</b></u>                      | <u><b>\$ 6,182,434</b></u> |
| YTD gross charge-offs                 | 178                        | 3,961                      | 3,267                      | 797                      | 909                      | 858                      | 6,120   | 16,090                     |
| YTD net charge-offs (recoveries)      | 178                        | 3,749                      | 2,851                      | 647                      | 351                      | (6,823)                  | 6,090   | 7,043                      |

<sup>(1)</sup>Includes extensions, renewals, or modifications of credit contracts, which consist of a new credit decision.

The following is an aging analysis of loans, including loans on nonaccrual status, disaggregated by loan class, as of:

|                                 | 30-59<br>Days<br>Past Due | 60-89<br>Days<br>Past Due | 90 Days<br>or More<br>Past Due<br><i>(in thousands)</i> | Total<br>Past Due | Current             | Total               |
|---------------------------------|---------------------------|---------------------------|---|-------------------|---------------------|---------------------|
| <b>June 30, 2024</b>            |                           |                           |   |                   |                     |                     |
| Real estate loans:              |                           |                           |   |                   |                     |                     |
| Commercial property             |                           |                           |   |                   |                     |                     |
| Retail                          | \$ 833                    | \$ —                      | \$ 560  | \$ 1,393          | \$ 1,093,335        | \$ 1,094,728        |
| Hospitality                     | (24)                      | —                         | —   | (24)              | 754,624             | 754,600             |
| Office                          | 816                       | —                         | —   | 816               | 571,716             | 572,532             |
| Other                           | 350                       | 14                        | 2,950   | 3,314             | 1,356,825           | 1,360,139           |
| Total commercial property loans | 1,975                     | 14                        | 3,510   | 5,499             | 3,776,500           | 3,781,999           |
| Construction                    | —                         | —                         | —   | —                 | 106,506             | 106,506             |
| Residential                     | 824                       | 2,366                     | 812   | 4,002             | 950,207             | 954,209             |
| Total real estate loans         | 2,799                     | 2,380                     | 4,322   | 9,501             | 4,833,213           | 4,842,714           |
| Commercial and industrial loans | 752                       | 301                       | 3,931   | 4,984             | 797,388             | 802,372             |
| Equipment financing agreements  | 6,823                     | 2,515                     | 5,191   | 14,529            | 516,744             | 531,273             |
| <b>Total loans receivable</b>   | <b>\$ 10,374</b>          | <b>\$ 5,196</b>           | <b>\$ 13,444</b>  | <b>\$ 29,014</b>  | <b>\$ 6,147,345</b> | <b>\$ 6,176,359</b> |
| <b>December 31, 2023</b>        |                           |                           |   |                   |                     |                     |
| Real estate loans:              |                           |                           |   |                   |                     |                     |
| Commercial property             |                           |                           |   |                   |                     |                     |
| Retail                          | \$ 632                    | \$ —                      | \$ —  | \$ 632            | \$ 1,106,728        | \$ 1,107,360        |
| Hospitality                     | —                         | 150                       | 22  | 172               | 740,347             | 740,519             |
| Office                          | —                         | —                         | —   | —                 | 574,981             | 574,981             |
| Other                           | 592                       | —                         | —   | 592               | 1,365,942           | 1,366,534           |
| Total commercial property loans | 1,224                     | 150                       | 22  | 1,396             | 3,787,998           | 3,789,394           |
| Construction                    | —                         | —                         | —   | —                 | 100,345             | 100,345             |
| Residential                     | 521                       | 336                       | 1   | 858               | 961,803             | 962,661             |
| Total real estate loans         | 1,745                     | 486                       | 23  | 2,254             | 4,850,146           | 4,852,400           |
| Commercial and industrial loans | 76                        | 120                       | 5,178   | 5,374             | 742,445             | 747,819             |
| Equipment financing agreements  | 7,138                     | 2,134                     | 4,551   | 13,823            | 568,392             | 582,215             |
| <b>Total loans receivable</b>   | <b>\$ 8,959</b>           | <b>\$ 2,740</b>           | <b>\$ 9,752</b>   | <b>\$ 21,451</b>  | <b>\$ 6,160,983</b> | <b>\$ 6,182,434</b> |

## Nonaccrual Loans and Nonperforming Assets

The following tables represent the amortized cost basis of loans on nonaccrual status and loans past due 90 days and still accruing as of:

|                                 | June 30, 2024   |  |  |                                 |
|---------------------------------|---|--|--|---------------------------------|
|                                 | Nonaccrual Loans<br>With<br>No Allowance for<br>Credit Losses | Nonaccrual Loans<br>With<br>Allowance for<br>Credit Losses | Loans<br>Past Due<br>90 Days Still<br>Accruing | Total<br>Nonperforming<br>Loans |
|                                 | (in thousands)  |  |  |                                 |
| Real estate loans:              |   |  |  |                                 |
| Commercial property             |   |  |  |                                 |
| Retail                          | \$ 697  | \$ 525   | \$ —   | \$ 1,222                        |
| Hospitality                     | 259   | —  | —  | 259                             |
| Office                          | —   | —  | —  | —                               |
| Other                           | 2,949   | 204  | —  | 3,153                           |
| Total commercial property loans | 3,905   | 729  | —  | 4,634                           |
| Construction                    | 1,225   | —  | —  | 1,225                           |
| Residential                     | 813   | —  | —  | 813                             |
| Total real estate loans         | 5,943   | 729  | —  | 6,672                           |
| Commercial and industrial loans | 4   | 4,010  | —  | 4,014                           |
| Equipment financing agreements  | 678   | 7,881  | —  | 8,559                           |
| <b>Total</b>                    | <b>\$ 6,625</b>   | <b>\$ 12,620</b>   | <b>\$ —</b>                                    | <b>\$ 19,245</b>                |

|                                 | December 31, 2023   |  |  |                                 |
|---------------------------------|---|--|--|---------------------------------|
|                                 | Nonaccrual Loans<br>With<br>No Allowance for<br>Credit Losses | Nonaccrual Loans<br>With<br>Allowance for<br>Credit Losses | Loans<br>Past Due<br>90 Days Still<br>Accruing | Total<br>Nonperforming<br>Loans |
|                                 | (in thousands)  |  |  |                                 |
| Real estate loans:              |   |  |  |                                 |
| Commercial property             |   |  |  |                                 |
| Retail                          | \$ 1,717  | \$ 321   | \$ —   | \$ 2,038                        |
| Hospitality                     | 338   | 150  | —  | 488                             |
| Other                           | 305   | 18   | —  | 323                             |
| Total commercial property loans | 2,360   | 489  | —  | 2,849                           |
| Residential                     | 1   | —  | —  | 1                               |
| Total real estate loans         | 2,361   | 489  | —  | 2,850                           |
| Commercial and industrial loans | 5,213   | 92   | —  | 5,305                           |
| Equipment financing agreements  | 570   | 6,749  | —  | 7,319                           |
| <b>Total</b>                    | <b>\$ 8,144</b>   | <b>\$ 7,330</b>  | <b>\$ —</b>                                    | <b>\$ 15,474</b>                |

The Company recognized \$29,000 and \$30,000 of interest income on nonaccrual loans for the three months ended June 30, 2024 and 2023, respectively. Interest income recognized on nonaccrual loans for the six months ended June 30, 2024 and 2023 was \$38,000 and \$134,000, respectively.

The following table details nonperforming assets as of the dates indicated:

|  | June 30, 2024    | December 31, 2023 |
|--|------------------|-------------------|
|  | (in thousands)   |                   |
| Nonaccrual loans   | \$ 19,245        | \$ 15,474         |
| Loans receivable 90 days or more past due and still accruing | —                | —                 |
| Total nonperforming loans receivable                         | 19,245           | 15,474            |
| Other real estate owned ("OREO")                             | 772              | 117               |
| <b>Total nonperforming assets</b>                            | <b>\$ 20,017</b> | <b>\$ 15,591</b>  |

OREO of \$0.8 million and \$0.1 million is included in prepaid expenses and other assets in the accompanying Consolidated Balance Sheets as of June 30, 2024 and December 31, 2023, respectively.

#### Loan Modifications

The following table presents loan modifications made to borrowers experiencing financial difficulty, by type of modification, with related amortized cost balances, respective percentage shares of the total class of loans, and the related financial effect, for the periods indicated:

|   | Amortized Cost<br>Basis<br>(in thousands) | Term Extension<br>% of Total Class of<br>Loans | Financial Effect                      |
|---|---|--|---------------------------------------|
| <b>Three and six months ended June 30, 2024</b> |   |  |                                       |
| Commercial and industrial loans                 | \$ 20,620                                 | 2.6 %  | 1 loan with term extension of 6 years |

The modified loan above is current at June 30, 2024.

No loans were modified to borrowers experiencing financial difficulty during the three and six months ended June 30, 2023.

#### Note 4 — Servicing Assets

The activity in servicing assets was as follows for the periods indicated:

|   | Three Months Ended June 30,<br>2024 |              | 2023      |              |
|---|-------------------------------------|--------------|-----------|--------------|
|   | (in thousands)                      |              |           |              |
| <b>Balance at beginning of period</b>         | \$                                  | 6,890        | \$        | 7,542        |
| Addition related to sale of SBA loans         |                                     | 482          |           | 399          |
| Addition related to sale of residential loans |                                     | 136          |           | —            |
| Amortization                                  |                                     | (672)        |           | (589)        |
| Change in valuation allowance                 |                                     | —            |           | —            |
| <b>Balance at end of period</b>               | <b>\$</b>                           | <b>6,836</b> | <b>\$</b> | <b>7,352</b> |

|   | Six Months Ended June 30,<br>2024 |              | 2023      |              |
|---|-----------------------------------|--------------|-----------|--------------|
|   | (in thousands)                    |              |           |              |
| <b>Balance at beginning of period</b>         | \$                                | 7,070        | \$        | 7,176        |
| Addition related to sale of SBA loans         |                                   | 996          |           | 1,014        |
| Addition related to sale of residential loans |                                   | 136          |           | —            |
| Amortization                                  |                                   | (1,366)      |           | (1,223)      |
| Change in valuation allowance                 |                                   | —            |           | 385          |
| <b>Balance at end of period</b>               | <b>\$</b>                         | <b>6,836</b> | <b>\$</b> | <b>7,352</b> |

At June 30, 2024 and December 31, 2023, we serviced loans sold to unaffiliated parties of \$536.1 million and \$539.6 million, respectively. These represented loans that were sold for which the Bank continues to provide servicing. These loans are maintained off-balance sheet and are not included in the loans receivable balance. At June 30, 2024, all of the loans serviced were SBA loans, except for \$19.5 million of residential mortgage loans.

The Company recorded servicing fee income of \$1.4 million and \$1.3 million for the three months ended June 30, 2024 and 2023, respectively and \$2.7 million and \$2.6 million for the six months ended June 30, 2024 and 2023, respectively. Servicing fee income, net of the amortization of servicing assets, is included in other operating income in the consolidated statements of income. Amortization expense was \$0.7 million and \$0.6 million for the three months ended June 30, 2024 and 2023, respectively, and \$1.4 million and \$1.2 million for the six months ended June 30, 2024 and 2023, respectively.

The fair value of servicing rights was \$8.1 million at June 30, 2024 and was determined using discount rates ranging from 10.1% to 25.5% and prepayment speeds ranging from 11.4% to 21.4%, depending on the stratification of the specific right. The fair value of servicing rights was \$7.7 million at December 31, 2023 and was determined using discount rates ranging from 14.4% to 24.7% and prepayment speeds ranging from 12.2% to 19.7%, depending on the stratification of the specific right.

#### Note 5 — Income Taxes

The Company's income tax expense was \$6.0 million and \$8.5 million, representing an effective income tax rate of 29.3% and 29.3% for the three months ended June 30, 2024 and 2023, respectively. The Company's income tax expense was \$12.5 million and \$17.8 million, representing an effective income tax rate of 29.7% and 29.5% for the six months ended June 30, 2024 and 2023, respectively.

Management concluded that as of June 30, 2024 and December 31, 2023, a valuation allowance of \$1.8 million and \$1.9 million, respectively, was appropriate against certain state net operating loss carry forwards. For all other deferred tax assets, management believes it was more likely than not these deferred tax assets will be realized principally through future taxable income and reversal of existing taxable temporary differences. Net deferred tax assets were \$35.9 million and \$35.2 million as of June 30, 2024 and December 31, 2023, respectively.

As of June 30, 2024, the Company was subject to examination by various taxing authorities for its federal tax returns for the periods ended after December 31, 2019 and state tax returns for the periods ended after December 31, 2018. During the quarter ended June 30, 2024, there was no material change to the Company's uncertain tax positions. The Company does not expect its unrecognized tax positions to change significantly over the next twelve months.

#### Note 6 — Goodwill and other Intangibles

The goodwill of \$11.0 million was recorded as a result of the acquisition of an equipment financing agreements portfolio in 2016. The core deposit intangible of \$2.2 million was recognized for the core deposits acquired in a 2014 acquisition. The Company's intangible assets were as follows for the periods indicated:

|  |                     |                       | June 30, 2024            |                     |                       | December 31, 2023        |                     |  |
|--|---------------------|-----------------------|--------------------------|---------------------|-----------------------|--------------------------|---------------------|--|
|  | Amortization Period | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |  |
|  |                     |                       |                          |                     |                       |                          |                     |  |
|  |                     |                       |                          |                     |                       |                          |                     |  |
|  |                     |                       |                          |                     |                       |                          |                     |  |
|  |                     |                       |                          |                     |                       |                          |                     |  |
|  |                     |                       |                          |                     |                       |                          |                     |  |
|  |                     |                       |                          |                     |                       |                          |                     |  |
|  |                     |                       |                          |                     |                       |                          |                     |  |
|  |                     |                       |                          |                     |                       |                          |                     |  |
|  |                     |                       |                          |                     |                       |                          |                     |  |
|  |                     |                       |                          |                     |                       |                          |                     |  |
|  |                     |                       |                          |                     |                       |                          |                     |  |
|  |                     |                       |                          |                     |                       |                          |                     |  |
|  |                     |                       |                          |                     |                       |                          |                     |  |
|  |                     |                       |                          |                     |                       |                          |                     |  |
|  |                     |                       |                          |                     |                       |                          |                     |  |
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|  |                     |                       |                          |                     |                       |                          |                     |  |
|  |                     |                       |                          |                     |                       |                          |                     |  |
|  |                     |                       |                          |                     |                       |                          |                     |  |
|  |                     |                       |                          |                     |                       |                          |                     |  |
|  |                     |                       |                          |                     |                       |                          |                     |  |
|  |                     |                       |                          |                     |                       |                          |                     |  |
|  |                     |                       |                          |                     |                       |                          |                     |  |
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The Company performed an impairment analysis in the second quarter of 2024 and determined there was no impairment as of June 30, 2024. No triggering event occurred as of, or subsequent to June 30, 2024, that would require a reassessment of goodwill and other intangible assets.



## Note 7 — Deposits

The scheduled maturities of time deposits are as follows for the periods indicated:

|                             | Time<br>Deposits More<br>Than \$250,000 | Other Time<br>Deposits<br>(in thousands) | Total               |
|-----------------------------|---|--|---------------------|
| <b>At June 30, 2024</b>     |   |  |                     |
| 2024                        | \$ 720,184                              | \$ 959,204                               | \$ 1,679,388        |
| 2025                        | 282,055                                 | 483,676                                  | 765,731             |
| 2026                        | 263                                     | 4,953                                    | 5,216               |
| 2027                        | —                                       | 955                                      | 955                 |
| 2028 and thereafter         | —                                       | 309                                      | 309                 |
| <b>Total</b>                | <b>\$ 1,002,502</b>                     | <b>\$ 1,449,097</b>                      | <b>\$ 2,451,599</b> |
| <b>At December 31, 2023</b> |   |  |                     |
| 2024                        | \$ 995,830                              | \$ 1,444,509                             | \$ 2,440,339        |
| 2025                        | 3,928                                   | 6,205                                    | 10,133              |
| 2026                        | 263                                     | 3,142                                    | 3,405               |
| 2027                        | —                                       | 572                                      | 572                 |
| 2028 and thereafter         | —                                       | 418                                      | 418                 |
| <b>Total</b>                | <b>\$ 1,000,021</b>                     | <b>\$ 1,454,846</b>                      | <b>\$ 2,454,867</b> |

Accrued interest payable on deposits was \$47.6 million and \$39.2 million at June 30, 2024 and December 31, 2023, respectively. Total deposits reclassified to loans due to overdrafts at June 30, 2024 and December 31, 2023 were \$1.4 million and \$1.6 million, respectively.

## Note 8 — Borrowings and Subordinated Debentures

At June 30, 2024, the Bank had \$180.0 million of open advances and \$112.5 million of term advances at the FHLB with a weighted average interest rate of 5.65% and 3.91%, respectively. At December 31, 2023, the Bank had \$212.5 million of open advances and \$112.5 million of term advances at the FHLB with a weighted average rate of 5.70% and 2.77%, respectively. Interest expense on borrowings for the six months ended June 30, 2024 and 2023 was \$3.6 million and \$4.0 million, respectively.

|   | June 30, 2024          |                          | December 31, 2023      |                          |
|---|------------------------|--------------------------|------------------------|--------------------------|
|   | Outstanding<br>Balance | Weighted<br>Average Rate | Outstanding<br>Balance | Weighted<br>Average Rate |
|   |                        | (dollars in thousands)   |                        |                          |
| Open advances                                 | \$ 180,000             | 5.65%                    | \$ 212,500             | 5.70%                    |
| Advances due within 12 months                 | 50,000                 | 3.33                     | 37,500                 | 0.40                     |
| Advances due over 12 months through 24 months | 50,000                 | 4.25                     | 12,500                 | 1.90                     |
| Advances due over 24 months through 36 months | 12,500                 | 4.85                     | 62,500                 | 4.37                     |
| <b>Outstanding advances</b>                   | <b>\$ 292,500</b>      | <b>4.98%</b>             | <b>\$ 325,000</b>      | <b>4.69%</b>             |

The following is financial data pertaining to FHLB advances:

|  | June 30, 2024          | December 31, 2023 |
|--|------------------------|-------------------|
|  | (dollars in thousands) |                   |
| Weighted-average interest rate at end of period  | 4.98%                  | 4.69%             |
| Weighted-average interest rate during the period | 4.30%                  | 3.48%             |
| Average balance of FHLB advances                 | \$ 165,810             | \$ 197,390        |
| Maximum amount outstanding at any month-end      | \$ 292,500             | \$ 450,000        |

The Bank maintains a secured credit facility with the FHLB, allowing the Bank to borrow on an overnight and term basis. The Bank had pledged \$2.41 billion and \$2.36 billion of loans at carrying values as collateral with the FHLB as of June 30, 2024 and

December 31, 2023, respectively. The remaining available borrowing capacity was \$1.22 billion and \$1.09 billion at June 30, 2024 and December 31, 2023, respectively.

The Bank also had securities pledged with the FRB with market values of \$31.4 million and \$24.8 million at June 30, 2024 and December 31, 2023, respectively. The pledged securities provided \$29.4 million, and \$23.2 million in available borrowing capacity through the Fed Discount Window as of June 30, 2024 and December 31, 2023, respectively.

On August 20, 2021, the Company issued \$110.0 million of Fixed-to-Floating Subordinated Notes ("2031 Notes") with a maturity date of September 1, 2031. The 2031 Notes have an initial fixed interest rate of 3.75% per annum, payable semiannually in arrears on March 1 and September 1 of each year, up to but excluding September 1, 2026. From and including September 1, 2026 and thereafter, the 2031 Notes will bear interest at a floating rate per annum equal to the Benchmark rate (which is expected to be the Three-Month Term SOFR) plus 310 basis points, payable quarterly in arrears on March 1, June 1, September 1 and December 1 of each year. If the then current three-month term SOFR rate is less than zero, the three-month SOFR will be deemed to be zero. Debt issuance cost was \$2.1 million, which is being amortized through the 2031 Notes' maturity date. At June 30, 2024 and December 31, 2023, the balance of the 2031 Notes included in the Company's Consolidated Balance Sheet, net of issuance cost, was \$108.4 million and \$108.3 million, respectively.

The Company assumed Junior Subordinated Deferrable Interest Debentures ("Subordinated Debentures") as a result of an acquisition in 2014 with an unpaid principal balance of \$26.8 million and an estimated fair value of \$18.5 million. The \$8.3 million discount is being amortized to interest expense through the debentures' maturity date of March 15, 2036. A trust was formed in 2005 which issued \$26.0 million of Trust Preferred Securities ("TPS") at a 6.26% fixed rate for the first five years and a variable rate of three-month LIBOR plus 140 basis points thereafter and invested the proceeds in the Subordinated Debentures. Beginning September 15, 2023, the variable rate on the TPS changed to three-month SOFR plus 166 basis points, representing the credit spread of 140 basis points and a 26 basis point adjustment to convert three-month LIBOR to three-month SOFR. The rate on the TPS at June 30, 2024 was 7.00%. The TPS will be subject to mandatory redemption if the Subordinated Debentures are repaid by the Company. Interest is payable quarterly, and the Company has the option to defer interest payments on the Subordinated Debentures from time to time for a period not to exceed five consecutive years. At June 30, 2024 and December 31, 2023, the balance of Subordinated Debentures included in the Company's Consolidated Balance Sheets, net of discount of \$4.9 million and \$5.1 million, was \$21.9 million and \$21.7 million, respectively. The amortization of discount was \$106,000 and \$104,000 for the three months ended June 30, 2024 and 2023, respectively and \$212,000 and \$208,000 for the six months ended June 30, 2024 and 2023, respectively.

#### **Note 9 — Earnings Per Share**

Earnings per share ("EPS") is calculated on both a basic and a diluted basis. Basic EPS excludes dilution and is computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted from the issuance of common stock that then shared in earnings, excluding common shares in treasury. For diluted EPS, the weighted-average number of common shares includes the impact of unvested performance stock units ("PSUs") under the treasury method.

Unvested restricted stock containing rights to non-forfeitable dividends are considered participating securities prior to vesting and have been included in the earnings allocation in computing basic and diluted EPS under the two-class method.

The following table is a reconciliation of the components used to derive basic and diluted EPS for the periods indicated:

|   | Three Months Ended<br>June 30,                          |                | Six Months Ended<br>June 30, |                |
|---|---|----------------|------------------------------|----------------|
|   | 2024  | 2023           | 2024                         | 2023           |
|   | <i>(dollars in thousands, except per share amounts)</i> |                |                              |                |
| <b>Basic EPS</b>  |   |                |                              |                |
| Net income  | \$ 14,451   | \$ 20,620      | \$ 29,615                    | \$ 42,612      |
| Less: income allocated to unvested restricted stock                   | 129   | 128            | 222                          | 268            |
| Income allocated to common shares                                     | \$ 14,322   | \$ 20,492      | \$ 29,393                    | \$ 42,344      |
| Weighted-average shares for basic EPS                                 | 30,055,913  | 30,324,264     | 30,089,341                   | 30,320,281     |
| <b>Basic EPS <sup>(1)</sup></b>                                       | <b>\$ 0.48</b>  | <b>\$ 0.68</b> | <b>\$ 0.98</b>               | <b>\$ 1.40</b> |
| Effect of dilutive stock options and unvested performance stock units | 77,733  | 62,777         | 76,840                       | 62,945         |
| <b>Diluted EPS</b>  |   |                |                              |                |
| Income allocated to common shares                                     | \$ 14,322   | \$ 20,492      | \$ 29,393                    | \$ 42,344      |
| Weighted-average shares for diluted EPS                               | 30,133,646  | 30,387,041     | 30,166,181                   | 30,383,226     |
| <b>Diluted EPS <sup>(1)</sup></b>                                     | <b>\$ 0.48</b>  | <b>\$ 0.67</b> | <b>\$ 0.97</b>               | <b>\$ 1.39</b> |

<sup>(1)</sup> Per share amounts may not be able to be recalculated using net income and weighted-average shares presented above due to rounding.

On a weighted-average basis, options to purchase 31,000 and 61,000 shares of common stock were excluded from the calculation of diluted earnings per share for the three and six months ended June 30, 2024 and 2023, respectively, because their effect would have been anti-dilutive. There were 91,732 anti-dilutive unvested PSUs outstanding for the three and six months ended June 30, 2024.

During the six months ended June 30, 2024, 88,598 PSUs were awarded to executive officers from the 2021 Equity Compensation Plan, with a fair value of \$1.3 million on the grant date of April 1, 2024. During the six months ended June 30, 2023, the Company issued 53,696 PSUs to executive officers from the 2021 Equity Compensation Plan, with a fair value of \$1.1 million on the grant date of March 10, 2023. These units have a three-year cliff vesting period and include dividend equivalent rights. Total PSUs outstanding as June 30, 2024 were 180,330 with an aggregate grant fair value of \$3.4 million. Total PSUs outstanding as of June 30, 2023 were 158,295 with an aggregate grant fair value of \$3.1 million.

## Note 10 — Regulatory Matters

Federal bank regulatory agencies require bank holding companies and banks to maintain a minimum ratio of qualifying total capital to risk-weighted assets of 8.0% and a minimum ratio of Tier 1 capital to risk-weighted assets of 6.0%. In addition to the risk-based guidelines, federal bank regulatory agencies require bank holding companies and banks to maintain a minimum ratio of Tier 1 capital to average assets, referred to as the leverage ratio, of 4.0%.

In order for banks to be considered “well capitalized,” federal bank regulatory agencies require a minimum ratio of qualifying total capital to risk-weighted assets of 10.0% and a minimum ratio of Tier 1 capital to risk-weighted assets of 8.0%. In addition to the risk-based guidelines, federal bank regulatory agencies require depository institutions to maintain a minimum ratio of Tier 1 capital to average assets, referred to as the leverage ratio, of 5.0%.

At June 30, 2024, the Bank’s capital ratios exceeded the minimum requirements for the Bank to be considered “well capitalized” and the Company exceeded all of its applicable minimum regulatory capital ratio requirements.

A capital conservation buffer of 2.5% must be met to avoid limitations on the ability of the Bank and the Company to pay dividends, repurchase shares or pay discretionary bonuses. The Bank’s capital conservation buffer was 6.51% and 6.27% and the Company’s capital conservation buffer was 6.46% and 6.20% as of June 30, 2024 and December 31, 2023, respectively.

In March 2020, federal banking agencies announced an interim final rule to delay the impact on regulatory capital arising from the implementation of CECL. The interim final rule maintains the three-year transition option in the previous rule and provides banks the option to delay for two years an estimate of CECL’s effect on regulatory capital, relative to the incurred loss methodology’s effect on regulatory capital, followed by a three-year transition period (five-year transition option). The Company and the Bank adopted the capital transition relief over the permissible five-year period.

The capital ratios of Hanmi Financial and the Bank as of June 30, 2024 and December 31, 2023 were as follows:

|  | Actual                 |         | Minimum Regulatory Requirement |        | Minimum to Be Categorized as “Well Capitalized” |         |
|--|------------------------|---------|--------------------------------|--------|---|---------|
|  | Amount                 | Ratio   | Amount                         | Ratio  | Amount  | Ratio   |
|  | (dollars in thousands) |         |                                |        |   |         |
| June 30, 2024  |                        |         |                                |        |   |         |
| Total capital (to risk-weighted assets):               |                        |         |                                |        |   |         |
| Hanmi Financial  | \$ 962,585             | 15.24 % | \$ 505,278                     | 8.00 % | N/A   | N/A     |
| Hanmi Bank   | \$ 916,437             | 14.51 % | \$ 505,135                     | 8.00 % | \$ 631,419                                      | 10.00 % |
| Tier 1 capital (to risk-weighted assets):              |                        |         |                                |        |   |         |
| Hanmi Financial  | \$ 786,761             | 12.46 % | \$ 378,958                     | 6.00 % | N/A   | N/A     |
| Hanmi Bank   | \$ 850,613             | 13.47 % | \$ 378,851                     | 6.00 % | \$ 505,135                                      | 8.00 %  |
| Common equity Tier 1 capital (to risk-weighted assets) |                        |         |                                |        |   |         |
| Hanmi Financial  | \$ 764,886             | 12.11 % | \$ 284,219                     | 4.50 % | N/A   | N/A     |
| Hanmi Bank   | \$ 850,613             | 13.47 % | \$ 284,139                     | 4.50 % | \$ 410,422                                      | 6.50 %  |
| Tier 1 capital (to average assets):                    |                        |         |                                |        |   |         |
| Hanmi Financial  | \$ 786,761             | 10.51 % | \$ 299,570                     | 4.00 % | N/A   | N/A     |
| Hanmi Bank   | \$ 850,613             | 11.41 % | \$ 298,076                     | 4.00 % | \$ 372,595                                      | 5.00 %  |
| December 31, 2023                                      |                        |         |                                |        |   |         |
| Total capital (to risk-weighted assets):               |                        |         |                                |        |   |         |
| Hanmi Financial  | \$ 947,286             | 14.95 % | \$ 506,891                     | 8.00 % | N/A   | N/A     |
| Hanmi Bank   | \$ 904,153             | 14.27 % | \$ 506,741                     | 8.00 % | \$ 633,426                                      | 10.00 % |
| Tier 1 capital (to risk-weighted assets):              |                        |         |                                |        |   |         |
| Hanmi Financial  | \$ 773,179             | 12.20 % | \$ 380,168                     | 6.00 % | N/A   | N/A     |
| Hanmi Bank   | \$ 840,046             | 13.26 % | \$ 380,056                     | 6.00 % | \$ 506,741                                      | 8.00 %  |
| Common equity Tier 1 capital (to risk-weighted assets) |                        |         |                                |        |   |         |
| Hanmi Financial  | \$ 751,516             | 11.86 % | \$ 285,126                     | 4.50 % | N/A   | N/A     |
| Hanmi Bank   | \$ 840,046             | 13.26 % | \$ 285,042                     | 4.50 % | \$ 411,727                                      | 6.50 %  |
| Tier 1 capital (to average assets):                    |                        |         |                                |        |   |         |
| Hanmi Financial  | \$ 773,179             | 10.37 % | \$ 298,277                     | 4.00 % | N/A   | N/A     |
| Hanmi Bank   | \$ 840,046             | 11.32 % | \$ 296,948                     | 4.00 % | \$ 371,185                                      | 5.00 %  |

## Note 11 — Fair Value Measurements

### Fair Value Measurements

ASC 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value including a three-level valuation hierarchy, and expands disclosures about fair value measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The three-level fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value are defined as follows:

- Level 1 - Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- Level 2 - Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.
- Level 3 - Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Fair value is used on a recurring basis for certain assets and liabilities in which fair value is the primary basis of accounting. Additionally, fair value is used on a non-recurring basis to evaluate assets or liabilities for impairment or for disclosure purposes.

We record securities available for sale at fair value on a recurring basis. Certain other assets, such as loans held for sale, impaired loans, OREO, and core deposit intangible, are recorded at fair value on a non-recurring basis. Non-recurring fair value measurements typically involve assets that are periodically evaluated for impairment and for which any impairment is recorded in the period in which the re-measurement is performed.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument below:

Securities available for sale - The fair values of securities available for sale are determined by obtaining quoted prices on nationally recognized securities exchanges. If quoted prices are not available, fair values are measured using matrix pricing, which is a mathematical technique used widely in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities, or other model-based valuation techniques requiring observable inputs other than quoted prices such as yield curve, prepayment speeds, and default rates. Level 1 securities include U.S. Treasury securities that are traded on an active exchange or by dealers or brokers in active over-the-counter markets. The fair value of these securities is determined by quoted prices on an active exchange or over-the-counter market. Level 2 securities primarily include U.S. government agency and sponsored agency mortgage-backed securities, collateralized mortgage obligations and debt securities as well as municipal bonds in markets that are active. In determining the fair value of the securities categorized as Level 2, we obtain reports from nationally recognized broker-dealers detailing the fair value of each investment security held as of each reporting date. The broker-dealers use prices obtained from nationally recognized pricing services to value our fixed income securities. The fair value of the municipal securities is determined based on pricing data provided by nationally recognized pricing services. We review the prices obtained for reasonableness based on our understanding of the marketplace, and also consider any credit issues related to the bonds. As we have not made any adjustments to the market quotes provided to us and as they are based on observable market data, they have been categorized as Level 2 within the fair value hierarchy. Level 3 securities are instruments that are not traded in the market. As such, no observable market data for the instrument is available, which necessitates the use of significant unobservable inputs.

Derivatives – The fair values of derivatives are based on valuation models using observable market data as of the measurement date (Level 2). Our derivatives are traded in an over-the-counter market where quoted market prices are not always available. Therefore, the fair values of derivatives are determined using quantitative models that utilize multiple market inputs. The inputs will vary based on the type of derivative, but could include interest rates, prices and indices to generate continuous yield or pricing curves, prepayment rates, and volatility factors to value the position. The majority of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third-party pricing services.

Loans held for sale - Loans held for sale includes the guaranteed portion of SBA 7(a) loans carried at the lower of cost or fair value. Management obtains quotes, bids or pricing indication sheets on all or part of the loans directly from the purchasing financial institutions. Premiums received or to be received on the quotes, bids or pricing indication sheets are indicative of the fact that cost is lower than fair value. At June 30, 2024 and December 31, 2023, the entire balance of loans held for sale was recorded at its cost. We record loans held for sale on a nonrecurring basis with Level 2 inputs.

Nonperforming loans – Nonaccrual loans receivable and loans 90-days past due and still accruing interest are considered nonperforming for reporting purposes. All nonperforming loans with a carrying balance over \$250,000 are individually evaluated for the amount of impairment, if any. Nonperforming loans with a carrying balance of \$250,000 or less are evaluated collectively. However, from time to time, nonrecurring fair value adjustments to collateral dependent nonperforming loans, for which repayment is expected to be obtained through the sale of the underlying collateral, are recorded based on either the current appraised value of the collateral, or management's judgment, that are then adjusted based on recent market trends. When the fair value of the collateral is less than the book value, a valuation allowance is established to carry the loan at the fair value of the collateral, and results in a Level 3 measurement.

OREO - Fair value of OREO is based primarily on third party appraisals, less costs to sell and result in a Level 3 classification of the inputs for determining fair value. Appraisals are required annually and may be updated more frequently as circumstances require and the fair value adjustments are made to OREO based on the updated appraised value of the property.

Servicing assets - On a quarterly basis, the Company utilizes a third party service to evaluate servicing assets related to loans sold to unaffiliated parties with servicing retained, and result in a Level 3 classification. Servicing assets are assessed for impairment or increased obligation based on fair value at each reporting date.

Other repossessed assets – Fair value of equipment from equipment financing agreements is based primarily on a third party valuation service, less costs to sell and result in a Level 3 classification of the inputs for determining fair value. Valuations are required at the time the asset is repossessed and may be subsequently updated periodically due to the Company's short-term possession of the asset prior to sale or as circumstances require and the fair value adjustments are made to the asset based on its value prior to sale.

## Assets and Liabilities Measured at Fair Value on a Recurring Basis

As of June 30, 2024 and December 31, 2023, assets and liabilities measured at fair value on a recurring basis are as follows:

|   | Level 1<br><br>Quoted Prices in<br>Active Markets<br>for Identical<br>Assets | Level 2<br>Significant<br>Observable<br>Inputs with No<br>Active Market<br>with Identical<br>Characteristics | Level 3<br><br>Significant<br>Unobservable<br>Inputs | Total Fair Value  |
|---|--|--|--|-------------------|
|   |  |  | (in thousands)                                       |                   |
| <b>June 30, 2024</b>  |  |  |  |                   |
| <b>Assets:</b>  |  |  |  |                   |
| Securities available for sale:                                |  |  |  |                   |
| U.S. Treasury securities                                      | \$ 99,996  | \$ —   | \$ —   | \$ 99,996         |
| U.S. government agency and sponsored agency obligations:      |  |  |  |                   |
| Mortgage-backed securities - residential                      | —  | 414,868  | —  | 414,868           |
| Mortgage-backed securities - commercial                       | —  | 52,872   | —  | 52,872            |
| Collateralized mortgage obligations                           | —  | 124,212  | —  | 124,212           |
| Debt securities   | —  | 120,602  | —  | 120,602           |
| Total U.S. government agency and sponsored agency obligations | —  | 712,554  | —  | 712,554           |
| Municipal bonds-tax exempt                                    | —  | 65,088   | —  | 65,088            |
| <b>Total securities available for sale</b>                    | <b>\$ 99,996</b>   | <b>\$ 777,642</b>  | <b>\$ —</b>  | <b>\$ 877,638</b> |
| Derivative financial instruments                              | \$ —   | \$ 6,216   | \$ —   | \$ 6,216          |
| <b>Liabilities:</b>   |  |  |  |                   |
| Derivative financial instruments                              | \$ —   | \$ 8,570   | \$ —   | \$ 8,570          |
| <b>December 31, 2023</b>                                      |  |  |  |                   |
| <b>Assets:</b>  |  |  |  |                   |
| Securities available for sale:                                |  |  |  |                   |
| U.S. Treasury securities                                      | \$ 85,488  | \$ —   | \$ —   | \$ 85,488         |
| U.S. government agency and sponsored agency obligations:      |  |  |  |                   |
| Mortgage-backed securities - residential                      | —  | 442,328  | —  | 442,328           |
| Mortgage-backed securities - commercial                       | —  | 47,991   | —  | 47,991            |
| Collateralized mortgage obligations                           | —  | 97,411   | —  | 97,411            |
| Debt securities   | —  | 124,625  | —  | 124,625           |
| Total U.S. government agency and sponsored agency obligations | —  | 712,355  | —  | 712,355           |
| Municipal bonds-tax exempt                                    | —  | 67,896   | —  | 67,896            |
| <b>Total securities available for sale</b>                    | <b>\$ 85,488</b>   | <b>\$ 780,251</b>  | <b>\$ —</b>  | <b>\$ 865,739</b> |
| Derivative financial instruments                              | \$ —   | \$ 6,245   | \$ —   | \$ 6,245          |
| <b>Liabilities:</b>   |  |  |  |                   |
| Derivative financial instruments                              | \$ —   | \$ 5,920   | \$ —   | \$ 5,920          |

## Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis

As of June 30, 2024 and December 31, 2023, assets and liabilities measured at fair value on a non-recurring basis are as follows:

|   |          | Level 1   | Level 2   | Level 3                               |
|---|----------|---|---|---------------------------------------|
|   | Total    | Quoted Prices in<br>Active Markets<br>for Identical<br>Assets | Significant<br>Observable<br>Inputs With No<br>Active Market<br>With Identical<br>Characteristics<br>(in thousands) | Significant<br>Unobservable<br>Inputs |
| <b>June 30, 2024</b>                      |          |   |   |                                       |
| <b>Assets:</b>                            |          |   |   |                                       |
| Collateral dependent loans <sup>(1)</sup> | \$ 7,795 | \$ —  | \$ —  | \$ 7,795                              |
| Other real estate owned                   | 772      | —   | —   | 772                                   |
| Reposessed personal property              | 1,245    | —   | —   | 1,245                                 |
| <b>December 31, 2023</b>                  |          |   |   |                                       |
| <b>Assets:</b>                            |          |   |   |                                       |
| Collateral dependent loans <sup>(2)</sup> | \$ 7,352 | \$ —  | \$ —  | \$ 7,352                              |
| Other real estate owned                   | 117      | —   | —   | 117                                   |
| Reposessed personal property              | 1,305    | —   | —   | 1,305                                 |

<sup>(1)</sup> Consisted of real estate loans of \$5.8 million and commercial and industrial loans of \$2.0 million.

<sup>(2)</sup> Consisted of real estate loans of \$2.2 million and commercial and industrial loans of \$5.2 million.



The following table represents quantitative information about Level 3 fair value assumptions for assets measured at fair value on a non-recurring basis at June 30, 2024 and December 31, 2023:

|                                    | Fair Value      | Valuation Techniques | Unobservable Input(s)<br>(in thousands) | Range (Weighted Average) |     |
|------------------------------------|-----------------|----------------------|---|--------------------------|-----|
| <b>June 30, 2024</b>               |                 |                      |   |                          |     |
| <b>Collateral dependent loans:</b> |                 |                      |   |                          |     |
| Real estate loans:                 |                 |                      |   |                          |     |
| Commercial property                |                 |                      |   |                          |     |
| Retail                             | \$ 561          | Market approach      | Adjustments to market data              | (45%) to 30% / (15)%     | (1) |
| Hospitality                        | 283             | Market approach      | Adjustments to market data              | (30)% to 35% / (3)%      | (1) |
| Other                              | 2,950           | Market approach      | Adjustments to market data              | (11)% to 21% / 2%        | (1) |
| Construction                       | 1,225           | Market approach      | Adjustments to market data              | 5% to 20% / 15%          | (1) |
| Residential                        | 813             | Market approach      | Adjustments to market data              | (13) to 5% / (1)%        | (1) |
| Total real estate loans            | 5,832           |                      |   |                          |     |
| Commercial and industrial loans    | 1,963           | Market approach      | Adjustments to market data              | N/A                      | (2) |
| <b>Total</b>                       | <b>\$ 7,795</b> |                      |   |                          |     |
|                                    |                 |                      |   |                          |     |
| Other real estate owned            | \$ 772          | Market approach      | Adjustments to market data              | (35)% to 5% / (12)%      | (1) |
|                                    |                 |                      |   |                          |     |
| Reposessed personal property       | 1,245           | Market approach      | Adjustments to market data              | N/A                      | (3) |
| <b>December 31, 2023</b>           |                 |                      |   |                          |     |
| <b>Collateral dependent loans:</b> |                 |                      |   |                          |     |
| Real estate loans:                 |                 |                      |   |                          |     |
| Commercial property                |                 |                      |   |                          |     |
| Retail                             | \$ 1,530        | Market approach      | Adjustments to market data              | 5% to 20% / 15%          | (1) |
| Hospitality                        | 338             | Market approach      | Adjustments to market data              | (30)% to 35% / (1)%      | (1) |
| Other                              | 305             | Market approach      | Adjustments to market data              | (6)% to 1% / (2)%        | (1) |
| Residential                        | 1               | Market approach      | Adjustments to market data              | (15)% to 3% / (6)%       | (1) |
| Total real estate loans            | 2,174           |                      |   |                          |     |
| Commercial and industrial loans    | 5,178           | Market approach      | Adjustments to market data              | (20)% to 55% / (2)%      | (1) |
| <b>Total</b>                       | <b>\$ 7,352</b> |                      |   |                          |     |
|                                    |                 |                      |   |                          |     |
| Other real estate owned            | \$ 117          | Market approach      | Adjustments to market data              | (10)% to 5% / (2)%       | (1) |
|                                    |                 |                      |   |                          |     |
| Reposessed personal property       | 1,305           | Market approach      | Adjustments to market data              | N/A                      | (3) |

(1) Appraisal reports utilize a combination of valuation techniques including a market approach, where prices and other relevant information generated by market transactions involving similar or comparable properties are used to determine the appraised value. Appraisals may include an 'as is' and 'upon completion' valuation scenarios. Adjustments are routinely made in the appraisal process by third-party appraisers to adjust for differences between the comparable sales and income data. Adjustments also result from the consideration of relevant economic and demographic factors with the potential to affect property values. Also, prospective values are based on the market conditions which exist at the date of inspection combined with informed forecasts based on current trends in supply and demand for the property types under appraisal. Positive adjustments disclosed in this table represent increases to the sales comparison and negative adjustments represent decreases.

(2) Includes one loan secured by cash and business assets.

(3) The equipment is usually too small in value to use a professional appraisal service. The values are determined internally using a combination of auction values, vendor recommendations and sales comparisons depending on the equipment type. Some highly commoditized equipment, such as commercial trucks have services that provide industry values.

ASC 825, *Financial Instruments*, requires disclosure of the fair value of financial assets and financial liabilities, including those financial assets and financial liabilities that are not measured and reported at fair value on a recurring basis or non-recurring

basis. The methodologies for estimating the fair value of financial assets and financial liabilities that are measured on a recurring basis or non-recurring basis are discussed above.

The estimated fair value of financial instruments has been determined by using available market information and appropriate valuation methodologies. However, considerable judgment is required to interpret market data in order to develop estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that we could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

**Recognition and Measurement of Financial Assets and Financial Liabilities (Topic 825)**, among other provisions, requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes. Other than certain financial instruments for which we had concluded that the carrying amounts approximate fair value, the fair value estimates shown below were based on an exit price notion as of June 30, 2024, as required by ASU 2016-01. The financial instruments for which we had concluded that the carrying amounts approximate fair value include cash and due from banks, accrued interest receivable and payable, and noninterest-bearing deposits.

The estimated fair values of financial instruments were as follows:

|  |                    | June 30, 2024     |                       |      |           |
|--|--------------------|-------------------|-----------------------|------|-----------|
|  | Carrying<br>Amount | Level 1           | Fair Value<br>Level 2 |      | Level 3   |
|  |                    | (in thousands)    |                       |      |           |
| Financial assets:                                    |                    |                   |                       |      |           |
| Cash and due from banks                              | \$ 313,079         | \$ 313,079        | \$ —                  | \$ — |           |
| Securities available for sale                        | 877,638            | 99,996            | 777,642               |      |           |
| Loans held for sale                                  | 10,467             | —                 | 10,639                |      |           |
| Loans receivable, net of allowance for credit losses | 6,108,630          | —                 | —                     |      | 6,023,684 |
| Accrued interest receivable                          | 23,958             | 23,958            | —                     |      |           |
| Derivative financial instruments                     | 6,216              | —                 | 6,216                 |      |           |
| Financial liabilities:                               |                    |                   |                       |      |           |
| Noninterest-bearing deposits                         | 1,959,963          | —                 | 1,959,963             |      |           |
| Interest-bearing deposits                            | 4,369,377          | —                 | —                     |      | 4,364,613 |
| Borrowings and subordinated debentures               | 422,818            | —                 | 291,145               |      | 133,245   |
| Accrued interest payable                             | 47,699             | 47,699            | —                     |      |           |
| Derivative financial instruments                     | 8,570              | —                 | 8,570                 |      |           |
|  |                    | December 31, 2023 |                       |      |           |
|  | Carrying<br>Amount | Level 1           | Fair Value<br>Level 2 |      | Level 3   |
|  |                    | (in thousands)    |                       |      |           |
| Financial assets:                                    |                    |                   |                       |      |           |
| Cash and due from banks                              | \$ 302,324         | \$ 302,324        | \$ —                  | \$ — |           |
| Securities available for sale                        | 865,739            | 85,488            | 780,251               |      |           |
| Loans held for sale                                  | 12,013             | —                 | 12,238                |      |           |
| Loans receivable, net of allowance for credit losses | 6,112,972          | —                 | —                     |      | 6,007,975 |
| Accrued interest receivable                          | 23,371             | 23,371            | —                     |      |           |
| Derivative financial instruments                     | 6,245              | —                 | 6,245                 |      |           |
| Financial liabilities:                               |                    |                   |                       |      |           |
| Noninterest-bearing deposits                         | 2,003,596          | —                 | 2,003,596             |      |           |
| Interest-bearing deposits                            | 4,276,978          | —                 | —                     |      | 4,271,711 |
| Borrowings and subordinated debentures               | 455,012            | —                 | 323,491               |      | 128,229   |
| Accrued interest payable                             | 39,306             | 39,306            | —                     |      |           |
| Derivative financial instruments                     | 5,920              | —                 | 5,920                 |      |           |

The methods and assumptions used to estimate the fair value of each class of financial instruments for which it was

practicable to estimate that value are explained below:

Cash and due from banks – The carrying amounts of cash and due from banks approximate fair value due to the short-term nature of these instruments (Level 1).

Securities – The fair value of securities, consisting of securities available for sale, is generally obtained from market bids for similar or identical securities, from independent securities brokers or dealers, or from other model-based valuation techniques described above (Level 1 and 2).

Loans held for sale – Loans held for sale, representing the guaranteed portion of SBA loans, are carried at the lower of aggregate cost or fair market value, as determined based upon quotes, bids or sales contract prices (Level 2).

Loans receivable, net of allowance for credit losses – The fair value of loans receivable is estimated based on the discounted cash flow approach. To estimate the fair value of the loans, certain loan characteristics such as account types, remaining terms, annual interest rates or coupons, interest types, past delinquencies, timing of principal and interest payments, current market rates, loan-to-value ratios, loss exposures, and remaining balances are considered. Additionally, the Company's prior charge-off rates and loss ratios as well as various other assumptions relating to credit, interest, and prepayment risks are used as part of valuing the loan portfolio. Subsequently, the loans were individually evaluated by sorting and pooling them based on loan types, credit risk grades, and payment types. Consistent with the requirements of ASU 2016-01, the fair value of the Company's loans receivable is considered to be an exit price notion as of June 30, 2024 (Level 3).

The fair value of collateral dependent loans is estimated based on the net realizable fair value of the collateral or the observable market price of the most recent sale or quoted price from loans held for sale. The Company does not record loans at fair value on a recurring basis. Nonrecurring fair value adjustments to collateral dependent loans are recorded based on the current appraised value of the collateral (Level 3).

Accrued interest receivable – The carrying amount of accrued interest receivable approximates its fair value (Level 1).

Noninterest-bearing deposits – The fair value of noninterest-bearing deposits is the amount payable on demand at the reporting date (Level 2).

Interest-bearing deposits – The fair value of interest-bearing deposits, such as savings accounts, money market checking, and certificates of deposit, is estimated based on discounted cash flows. The cash flows for non-maturity deposits, including savings accounts and money market checking, are estimated based on their historical decaying experiences. The discount rate used for fair valuation is based on interest rates currently being offered by the Bank on comparable deposits as to amount and term (Level 3).

Borrowings and subordinated debentures – Borrowings consist of FHLB advances, subordinated debentures and other borrowings. Discounted cash flows based on current market rates for borrowings with similar remaining maturities are used to estimate the fair value of borrowings (Level 2 and 3).

Accrued interest payable – The carrying amount of accrued interest payable approximates its fair value (Level 1).

## Note 12 — Off-Balance Sheet Commitments

The Bank is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. These instruments involve, to varying degrees, elements of credit and interest rate risk similar to the risk involved with on-balance sheet items.

The Bank's exposure to losses in the event of non-performance by the other party to commitments to extend credit and standby letters of credit is represented by the contractual notional amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for extending loan facilities to customers. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, was based on management's credit evaluation of the counterparty. Collateral held varies but may include accounts receivable, inventory, premises and equipment, and income-producing or borrower-occupied properties.

Some of the commitments to fund existing loans, lines of credit and letters of credit are expected to expire without being drawn upon. Therefore, the total commitments do not necessarily represent future cash requirements. As of June 30, 2024, the Bank was obligated on \$120.0 million of letters of credit to the FHLB of San Francisco, which were being used as collateral for \$120.0 million in public fund deposits from the State of California.

The following table shows the distribution of total loan commitments as of the dates indicated:

|                                     | June 30,<br>2024      | December 31,<br>2023 |
|-------------------------------------|-----------------------|----------------------|
|                                     | <i>(in thousands)</i> |                      |
| Unused commitments to extend credit | \$ 795,391            | \$ 813,960           |
| Standby letters of credit           | 87,186                | 83,725               |
| Commercial letters of credit        | 23,806                | 33,140               |
| <b>Total commitments</b>            | <b>\$ 906,383</b>     | <b>\$ 930,825</b>    |

The allowance for credit losses related to off-balance sheet items was maintained at a level believed to be sufficient to absorb current expected lifetime losses related to these unfunded credit facilities. The determination of the allowance adequacy was based on periodic evaluations of the unfunded credit facilities including an assessment of the probability of commitment usage, credit risk factors for loans outstanding to these same customers, and the terms and expiration dates of the unfunded credit facilities.

Activity in the allowance for credit losses related to off-balance sheet items was as follows for the periods indicated:

|                                       | Three Months Ended June 30, |                 | Six Months Ended June 30, |                 |
|---------------------------------------|-----------------------------|-----------------|---------------------------|-----------------|
|                                       | 2024                        | 2023            | 2024                      | 2023            |
|                                       | <i>(in thousands)</i>       |                 |                           |                 |
| <b>Balance at beginning of period</b> | \$ 2,297                    | \$ 3,066        | \$ 2,474                  | \$ 3,114        |
| Credit loss recovery                  | (287)                       | (591)           | (464)                     | (639)           |
| <b>Balance at end of period</b>       | <b>\$ 2,010</b>             | <b>\$ 2,475</b> | <b>\$ 2,010</b>           | <b>\$ 2,475</b> |

## Note 13 — Leases

The Company enters into leases in the normal course of business primarily for bank branch offices, back-office operations locations, business development offices, information technology data centers and information technology equipment. The Company's leases have remaining terms ranging from one month to nine years and nine months, some of which include renewal or termination options to extend the lease for up to seven years.

The Company includes lease extension and termination options in the lease term if, after considering relevant economic factors, it is reasonably certain the Company will exercise the option. In addition, the Company has elected to account for any non-lease components in its real estate leases as part of the associated lease component. The Company has also elected not to recognize leases with original lease terms of 12 months or less (short-term leases) on the Company's balance sheet.

Leases are classified as operating or finance leases at the lease commencement date. Lease expense for operating leases and short-term leases is recognized on a straight-line basis over the term of the lease. Right-of-use assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease.

Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of the lease payments over the lease term.

As of June 30, 2024, the outstanding balances for our right-of-use asset and lease liability were \$38.0 million and \$42.3 million, respectively. The outstanding balances of the right-of-use asset and lease liability were \$42.4 million and \$46.4 million, respectively, as of December 31, 2023. The right-of-use asset is reported in prepaid expenses and other assets line item and lease liability is reported in accrued expenses and other liabilities line item on the Consolidated Balance Sheets.

In determining the discount rates, since most of our leases do not provide an implicit rate, we used our incremental borrowing rate provided by the FHLB of San Francisco based on the information available at the commencement date to calculate the present value of lease payments.

At June 30, 2024, future minimum rental commitments under these non-cancelable operating leases, with initial or remaining terms of one year or more, were as follows:

|   | <b>Amount</b><br><i>(in thousands)</i> |
|---|--|
| 2024                                    | \$ 8,448                               |
| 2025                                    | 7,327                                  |
| 2026                                    | 6,599                                  |
| 2027                                    | 6,559                                  |
| 2028                                    | 5,566                                  |
| Thereafter                              | 12,627                                 |
| Remaining lease commitments             | 47,126                                 |
| Interest                                | (4,792)                                |
| <b>Present value of lease liability</b> | <b>\$ 42,334</b>                       |

Net lease expense recognized for the three months ended June 30, 2024 and 2023 was \$2.5 million and \$2.2 million, respectively. Net lease expense recognized for the six months ended June 30, 2024 and 2023 was \$4.7 million and \$4.2 million, respectively. This included operating lease costs of \$2.4 million and \$2.1 million for the three months ended June 30, 2024 and 2023, respectively. Operating lease costs were \$4.6 million and \$4.2 million for the six months ended June 30, 2024 and 2023, respectively. Sublease income for operating leases was immaterial for both the three and six months ended June 30, 2024 and 2023.

Weighted average remaining lease terms for the Company's operating leases were 6.58 years and 6.82 years as of June 30, 2024 and December 31, 2023, respectively. Weighted average discount rates used for the Company's operating leases were 3.21% and 2.98% as of June 30, 2024 and December 31, 2023, respectively.

Cash paid and included in cash flows from operating activities for amounts used in the measurement of the lease liability of the Company's operating leases was \$2.0 million and \$2.1 million for the three months ended June 30, 2024 and 2023, respectively, and \$4.2 million and \$4.1 million for the six months ended June 30, 2024 and 2023, respectively.

#### **Note 14 — Liquidity**

##### **Hanmi Financial**

As of June 30, 2024, Hanmi Financial had \$7.5 million in cash on deposit with its bank subsidiary and \$35.5 million of U.S. Treasury securities at fair value. As of December 31, 2023, the Company had \$7.5 million in cash on deposit with its bank subsidiary and \$32.4 million of U.S. Treasury securities at fair value. Management believes that Hanmi Financial, on a stand-alone basis, had adequate liquid assets to meet its current debt obligations.

##### **Hanmi Bank**

The principal objective of our liquidity management program is to maintain the Bank's ability to meet the day-to-day cash flow requirements of its customers who wish either to withdraw funds or to draw upon credit facilities to meet their cash needs. Management believes that the Bank, on a stand-alone basis, has adequate liquid assets to meet its current obligations. The Bank's primary funding source will continue to be deposits originating from its branch platform. The Bank's wholesale funds historically consisted of FHLB advances, brokered deposits, as well as State of California time deposits. As of June 30, 2024 and December 31, 2023, the Bank had \$292.5 million and \$325.0 million of FHLB advances, and \$28.2 million and \$58.3 million of brokered deposits, respectively. As of June 30, 2024 and December 31, 2023, the Bank had \$120.0 million of State of California time deposits.

We monitor the sources and uses of funds on a regular basis to maintain an acceptable liquidity position. The Bank's primary source of borrowings is the FHLB, from which the Bank is eligible to borrow up to 30% of its assets. As of June 30, 2024 and December 31, 2023, the total borrowing capacity available, based on pledged collateral was \$1.63 and \$1.54 billion, respectively. The remaining available borrowing capacity was \$1.22 billion and \$1.09 billion as of June 30, 2024 and December 31, 2023, respectively.

The amount that the FHLB is willing to advance differs based on the quality and character of qualifying collateral pledged by the Bank, and the FHLB may adjust the advance rates for qualifying collateral upwards or downwards from time to time. To the extent deposit renewals and deposit growth are not sufficient to fund maturing and withdrawable deposits, repay maturing borrowings, fund existing and future loans, equipment financing agreements and securities, and otherwise fund working capital needs and capital expenditures, the Bank may utilize the remaining borrowing capacity from its FHLB borrowing arrangement.

As a means of augmenting its liquidity, the Bank had an available borrowing source of \$29.4 million from the Federal Reserve Discount Window, to which the Bank pledged securities with a carrying value of \$38.4 million, with no borrowings as of June 30, 2024. The Bank also maintains a line of credit for repurchase agreements up to \$100.0 million. The Bank also had three unsecured federal funds lines of credit totaling \$115.0 million with no outstanding balances as of June 30, 2024 or December 31, 2023.

## **Note 15 — Derivatives and Hedging Activities**

### ***Risk Management Objective of Using Derivative***

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity, and credit risk, primarily by managing the amount, sources, and duration of its assets and liabilities and through the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates.

### ***Derivatives Designated as Hedging Instruments - Cash Flow Hedges of Interest Rate Risk***

The Company's objectives in using interest rate derivatives are to add stability to interest income and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of fixed-rate amounts from a counterparty in exchange for the Company making variable-rate payments over the life of the agreements without exchange of the underlying notional amount. Such derivatives were used to hedge the variable cash flows associated with existing variable-rate assets. During the fourth quarter of 2023, the Company entered into a \$100.0 million notional interest rate swap designated as a cash flow hedge, with an effective date of May 1, 2024 and a maturity date of May 1, 2026, to hedge a pool of Prime-indexed loans against falling rates. The principal balance of the loan pool designated for the Prime-indexed loans was \$142.7 million as of June 30, 2024. During the first quarter of 2024, the Company entered into a \$75.0 million notional interest rate swap designated as a cash flow hedge, with an effective date of May 1, 2024 and a maturity date of May 1, 2026, to hedge a pool of one-month SOFR-indexed loans against falling rates. The principal balance of the loan pool designated for the SOFR-indexed loans was \$103.2 million as of June 30, 2024.

For derivatives designated and that qualify as cash flow hedges of interest rate risk, the gain or loss on the derivative is recorded in accumulated other comprehensive income and subsequently reclassified into interest income in the same period(s) during which the hedged transaction affects earnings. Management evaluated the effectiveness of the Company's derivatives designated as cash flow hedges at inception and at the balance sheet date and determined they are effective. Amounts reported in accumulated other comprehensive income related to derivatives will be reclassified to interest income as interest payments are received on the Company's variable-rate asset. During the next 12 months, the Company estimates that an additional \$1.9 million will be reclassified as a decrease to interest income.

### ***Derivatives Not Designated as Hedging Instruments***

The Company also enters into interest rate swap agreements between the Company and its customers and other third-party counterparties. The Company enters into "back to back swap" arrangements whereby the Company executes interest rate swap agreements with its customers and acquires an offsetting swap position from a third-party counterparty. These derivative financial statements are accounted for at fair value, with changes in fair value recognized in the Company's Consolidated Statements of Income.

The table below presents the fair value of the Company's derivative financial instruments as well as their classification on the Balance Sheet as of June 30, 2024 and December 31, 2023.

**As of June 30, 2024**

|  | Notional<br>Amount | Derivative Assets<br>Balance Sheet<br>Location | Fair Value<br>(in thousands) | Notional<br>Amount | Derivative Liabilities<br>Balance Sheet<br>Location | Fair Value      |
|--|--------------------|--|------------------------------|--------------------|---|-----------------|
| <b>Derivatives not designated as hedging instruments</b>       |                    |  |                              |                    |   |                 |
| Interest rate products   | \$ 103,246         | Other Assets                                   | \$ 6,216                     | \$ 103,246         | Other Liabilities                                   | \$ 6,171        |
| <b>Total derivatives not designated as hedging instruments</b> |                    |  | <b>\$ 6,216</b>              |                    |   | <b>\$ 6,171</b> |
| <b>Derivatives designated as hedging instruments</b>           |                    |  |                              |                    |   |                 |
| Interest rate products   | \$ —               | Other Assets                                   | \$ —                         | \$ 175,000         | Other Liabilities                                   | \$ 2,399        |
| <b>Total derivatives designated as hedging instruments</b>     |                    |  | <b>\$ —</b>                  |                    |   | <b>\$ 2,399</b> |

**As of December 31, 2023**

|  | Notional<br>Amount | Derivative Assets<br>Balance Sheet<br>Location | Fair Value<br>(in thousands) | Notional<br>Amount | Derivative Liabilities<br>Balance Sheet<br>Location | Fair Value      |
|--|--------------------|--|------------------------------|--------------------|---|-----------------|
| <b>Derivatives not designated as hedging instruments</b>       |                    |  |                              |                    |   |                 |
| Interest rate products   | \$ 104,571         | Other Assets                                   | \$ 5,939                     | \$ 104,571         | Other Liabilities                                   | \$ 5,920        |
| <b>Total derivatives not designated as hedging instruments</b> |                    |  | <b>\$ 5,939</b>              |                    |   | <b>\$ 5,920</b> |
| <b>Derivatives designated as hedging instruments</b>           |                    |  |                              |                    |   |                 |
| Interest rate products   | \$ 100,000         | Other Assets                                   | \$ 306                       | \$ —               | Other Liabilities                                   | \$ —            |
| <b>Total derivatives designated as hedging instruments</b>     |                    |  | <b>\$ 306</b>                |                    |   | <b>\$ —</b>     |

The table below presents the effect of cash flow hedge accounting on Accumulated Other Comprehensive Income for the three and six months ended June 30, 2024 and 2023.

**Three Months Ended June 30, 2024**

|   | Amount of<br>Gain or<br>(Loss)<br>Recognized<br>in OCI on<br>Derivative | Amount of<br>Gain or<br>(Loss)<br>Recognized<br>in OCI<br>Included<br>Component | Amount of<br>Gain or<br>(Loss)<br>Recognized<br>in OCI<br>Excluded<br>Component | Location of<br>Gain or (Loss)<br>Recognized<br>from<br>Accumulated<br>Other<br>Comprehensiv<br>e Income into<br>Income<br>(in thousands) | Amount of<br>Gain or<br>(Loss)<br>Reclassified<br>from<br>Accumulated<br>OCI into<br>Income | Amount of<br>Gain or<br>(Loss)<br>Reclassified<br>from<br>Accumulate<br>d OCI into<br>Income<br>Included<br>Component | Amount of<br>Gain or<br>(Loss)<br>Reclassified<br>from<br>Accumulate<br>d OCI into<br>Income<br>Excluded<br>Component |
|---|---|---|---|--|---|---|---|
| <b>Derivatives in Subtopic 815-20 Hedging Relationships</b> |   |   |   |  |   |   |   |
| <u>Derivatives in Cash Flow Hedging Relationships</u>       |   |   |   |  |   |   |   |
| Interest Rate Products                                      | \$ (746)  | \$ (746)  | \$ —  | Interest Income  | \$ (460)  | \$ (460)  | \$ —  |
| <b>Total</b>  | <b>\$ (746)</b>   | <b>\$ (746)</b>   | <b>\$ —</b>   |  | <b>\$ (460)</b>   | <b>\$ (460)</b>   | <b>\$ —</b>   |

**Three Months Ended June 30, 2023**

|   | Amount of<br>Gain or<br>(Loss)<br>Recognized<br>in OCI on<br>Derivative | Amount of<br>Gain or<br>(Loss)<br>Recognized<br>in OCI<br>Included<br>Component | Amount of<br>Gain or<br>(Loss)<br>Recognized<br>in OCI<br>Excluded<br>Component | Location of<br>Gain or (Loss)<br>Recognized<br>from<br>Accumulated<br>Other<br>Comprehensiv<br>e Income into<br>Income<br>(in thousands) | Amount of<br>Gain or<br>(Loss)<br>Reclassified<br>from<br>Accumulated<br>OCI into<br>Income | Amount of<br>Gain or<br>(Loss)<br>Reclassified<br>from<br>Accumulate<br>d OCI into<br>Income<br>Included<br>Component | Amount of<br>Gain or<br>(Loss)<br>Reclassified<br>from<br>Accumulate<br>d OCI into<br>Income<br>Excluded<br>Component |
|---|---|---|---|--|---|---|---|
| <b>Derivatives in Subtopic 815-20 Hedging Relationships</b> |   |   |   |  |   |   |   |
| <u>Derivatives in Cash Flow Hedging Relationships</u>       |   |   |   |  |   |   |   |
| Interest Rate Products                                      | \$ —  | \$ —  | \$ —  | Interest Income  | \$ —  | \$ —  | \$ —  |
| <b>Total</b>  | <b>\$ —</b>   | <b>\$ —</b>   | <b>\$ —</b>   |  | <b>\$ —</b>   | <b>\$ —</b>   | <b>\$ —</b>   |

Six Months Ended June 30, 2024

|   | Amount of Gain or (Loss) Recognized in OCI on Derivative | Amount of Gain or (Loss) Recognized in OCI Included Component | Amount of Gain or (Loss) Recognized in OCI Excluded Component | Location of Gain or (Loss) Recognized from Accumulated Other Comprehensive Income into Income<br>(in thousands) | Amount of Gain or (Loss) Reclassified from Accumulated OCI into Income | Amount of Gain or (Loss) Reclassified from Accumulated OCI into Income Included Component | Amount of Gain or (Loss) Reclassified from Accumulated OCI into Income Excluded Component |
|---|--|---|---|---|--|---|---|
| <b>Derivatives in Subtopic 815-20 Hedging Relationships</b> |  |   |   |   |  |   |   |
| <u>Derivatives in Cash Flow Hedging Relationships</u>       |  |   |   |   |  |   |   |
| Interest Rate Products                                      | \$ (2,953)   | \$ (2,953)  | \$ —  | Interest Income   | \$ (460)   | \$ (460)  | \$ —  |
| <b>Total</b>  | <b>\$ (2,953)</b>  | <b>\$ (2,953)</b>   | <b>\$ —</b>   |   | <b>\$ (460)</b>  | <b>\$ (460)</b>   | <b>\$ —</b>   |

Six Months Ended June 30, 2023

|   | Amount of Gain or (Loss) Recognized in OCI on Derivative | Amount of Gain or (Loss) Recognized in OCI Included Component | Amount of Gain or (Loss) Recognized in OCI Excluded Component | Location of Gain or (Loss) Recognized from Accumulated Other Comprehensive Income into Income<br>(in thousands) | Amount of Gain or (Loss) Reclassified from Accumulated OCI into Income | Amount of Gain or (Loss) Reclassified from Accumulated OCI into Income Included Component | Amount of Gain or (Loss) Reclassified from Accumulated OCI into Income Excluded Component |
|---|--|---|---|---|--|---|---|
| <b>Derivatives in Subtopic 815-20 Hedging Relationships</b> |  |   |   |   |  |   |   |
| <u>Derivatives in Cash Flow Hedging Relationships</u>       |  |   |   |   |  |   |   |
| Interest Rate Products                                      | \$ —   | \$ —  | \$ —  | Interest Income   | \$ —   | \$ —  | \$ —  |
| <b>Total</b>  | <b>\$ —</b>  | <b>\$ —</b>   | <b>\$ —</b>   |   | <b>\$ —</b>  | <b>\$ —</b>   | <b>\$ —</b>   |

The table below presents the effect of cash flow hedge accounting on the Income Statement for the three and six months ended June 30, 2024 and 2023.

|  | Location and Amount of Gain or (Loss) Recognized in Income on Cash Flow Hedging Relationship<br>Three Months Ended<br>June 30, |                  |                 |                  | Six Months Ended<br>June 30, |                  |                 |                  |
|--|--|------------------|-----------------|------------------|------------------------------|------------------|-----------------|------------------|
|  | 2024   |                  | 2023            |                  | 2024                         |                  | 2023            |                  |
|  | Interest Income  | Interest Expense | Interest Income | Interest Expense | Interest Income              | Interest Expense | Interest Income | Interest Expense |
|  | (in thousands)   |                  |                 |                  |                              |                  |                 |                  |
| <b>Gain or (loss) on cash flow hedging relationships in Subtopic 815-20 Interest contracts</b>                   |  |                  |                 |                  |                              |                  |                 |                  |
| Amount of gain or (loss) reclassified from accumulated other comprehensive loss into income                      | \$ (460)   | \$ —             | \$ —            | \$ —             | \$ (460)                     | \$ —             | \$ —            | \$ —             |
| Amount of gain or (loss) reclassified from accumulated other comprehensive loss into income - included component | (460)  | —                | —               | —                | (460)                        | —                | —               | —                |

The table below presents the effect of the Company's derivative financial instruments that are not designated as hedging instruments on the Income Statement for the three and six months ended June 30, 2024 and 2023.

|  | Location of Gain or (Loss) Recognized in Income on Derivative | Amount of Gain or (Loss) Recognized in Income on Derivative |              |                           |                |
|--|---|---|--------------|---------------------------|----------------|
|  |   | Three Months Ended June 30,                                 |              | Six Months Ended June 30, |                |
|  |   | 2024  | 2023         | 2024                      | 2023           |
|  |   | (in thousands)  |              |                           |                |
| <b>Derivatives Not Designated as Hedging Instruments under Subtopic 815-20</b> |   |   |              |                           |                |
| Interest rate products   | Other income  | \$ 3  | \$ 43        | \$ 26                     | \$ (85)        |
| <b>Total</b>   |   | <b>\$ 3</b>   | <b>\$ 43</b> | <b>\$ 26</b>              | <b>\$ (85)</b> |



No fee income was recognized from its derivative financial instruments for the three and six months ended June 30, 2024. The Company recognized \$0.6 million of fee income for the six months ended June 30, 2023.

The table below presents a gross presentation, the effects of offsetting, and a net presentation of the Company's derivatives as of June 30, 2024 and December 31, 2023. The net amounts of derivative assets or liabilities can be reconciled to the tabular disclosure of fair value. The derivative assets are located within the prepaid and other assets line item on the Consolidated Balance Sheets and the derivative liabilities are located within the accrued expenses and other liabilities line item on the Consolidated Balance Sheets.

**Offsetting of Derivative Assets**

As of June 30, 2024

|             |                                    |   |  | Gross Amounts Not Offset in the Consolidated Balance Sheets |                          |            |  |
|-------------|------------------------------------|---|--|---|--------------------------|------------|--|
|             | Gross Amounts of Recognized Assets | Gross Amounts Offset in the Consolidated Balance Sheets | Net Amounts of Assets presented in the Consolidated Balance Sheets | Financial Instruments                                       | Cash Collateral Received | Net Amount |  |
|             |                                    |   | (in thousands)   |   |                          |            |  |
| Derivatives | \$ 6,216                           | \$ —  | \$ 6,216   | \$ 2,399  | \$ 3,817                 | \$ —       |  |

**Offsetting of Derivative Liabilities**

As of June 30, 2024

|             |   |   |   | Gross Amounts Not Offset in the Consolidated Balance Sheets |                          |            |  |
|-------------|---|---|---|---|--------------------------|------------|--|
|             | Gross Amounts of Recognized Liabilities | Gross Amounts Offset in the Consolidated Balance Sheets | Net Amounts of Liabilities presented in the Consolidated Balance Sheets | Financial Instruments                                       | Cash Collateral Provided | Net Amount |  |
|             |   |   | (in thousands)  |   |                          |            |  |
| Derivatives | \$ 8,570                                | \$ —  | \$ 8,570  | \$ 2,399  | \$ —                     | \$ 6,171   |  |

**Offsetting of Derivative Assets**

As of December 31, 2023

|             |                                    |   |  | Gross Amounts Not Offset in the Consolidated Balance Sheets |                          |            |  |
|-------------|------------------------------------|---|--|---|--------------------------|------------|--|
|             | Gross Amounts of Recognized Assets | Gross Amounts Offset in the Consolidated Balance Sheets | Net Amounts of Assets presented in the Consolidated Balance Sheets | Financial Instruments                                       | Cash Collateral Received | Net Amount |  |
|             |                                    |   | (in thousands)   |   |                          |            |  |
| Derivatives | \$ 6,245                           | \$ —  | \$ 6,245   | \$ 284  | \$ 5,731                 | \$ 230     |  |

**Offsetting of Derivative Liabilities**

As of December 31, 2023

|             |   |   |   | Gross Amounts Not Offset in the Consolidated Balance Sheets |                          |            |  |
|-------------|---|---|---|---|--------------------------|------------|--|
|             | Gross Amounts of Recognized Liabilities | Gross Amounts Offset in the Consolidated Balance Sheets | Net Amounts of Liabilities presented in the Consolidated Balance Sheets | Financial Instruments                                       | Cash Collateral Provided | Net Amount |  |
|             |   |   | (in thousands)  |   |                          |            |  |
| Derivatives | \$ 5,920                                | \$ —  | \$ 5,920  | \$ 284  | \$ —                     | \$ 5,636   |  |

The Company has agreements with each of its derivative counterparties that contain a provision stating if the Company either defaults or is capable of being declared in default on any of its indebtedness, then the Company could also be declared in default on its derivative obligations. In addition, these agreements may also require the Company to post additional collateral should it fail to maintain its status as a well- or adequately-capitalized institution.

As of June 30, 2024 and December 31, 2023, the fair value of derivatives in a net liability position, which includes accrued interest but excludes any adjustment for nonperformance risk, related to these agreements was \$0. As of June 30, 2024 and December 31, 2023, no collateral was provided related to these agreements.

**Note 16 — Subsequent Events**

**Cash Dividend**

On July 25, 2024, the Company announced that the Board of Directors of the Company declared a quarterly cash dividend of \$0.25 per share to be paid on August 21, 2024 to stockholders of record as of the close of business on August 5, 2024.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following is management's discussion and analysis of our results of operations and financial condition as of and for the three and six months ended June 30, 2024. This analysis should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2023 (the "2023 Annual Report on Form 10-K") and with the unaudited consolidated financial statements and notes thereto set forth in this Quarterly Report on Form 10-Q for the period ended June 30, 2024 (this "Report").

### Forward-Looking Statements

Some of the statements contained in this Report are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements in this Report 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 condition 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 and strategic plans and other similar forecasts and statements of expectation and statements of assumptions underlying any of the foregoing. 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.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, financial condition, levels of activity, performance or achievements to differ from those expressed or implied by the forward-looking statements. These factors include the following:

- a failure to maintain adequate levels of capital and liquidity to support our operations;
- 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;
- inflation and fluctuations in interest rates that reduce our margins and yields, the fair value of financial instruments, the level of loan originations or prepayments on loans we have made and make, the level of loan sales and the cost we pay to retain and attract deposits and secure other types of funding;
- our ability to enter new markets successfully and capitalize on growth opportunities;
- the current or anticipated impact of military conflict, terrorism or other geopolitical events;
- the effect of potential future supervisory action against us or Hanmi Bank and our ability to address any issues raised in our regulatory exams;
- risks of natural disasters;
- legal proceedings and litigation brought against us;
- a failure in or breach of our operational or security systems or infrastructure, including cyberattacks;
- the failure to maintain current technologies;
- risks associated with Small Business Administration loans;
- failure to attract or retain key employees;
- our ability to access cost-effective funding;
- changes in liquidity, including the size and composition of our deposit portfolio and the percentage of uninsured deposits in the portfolio;
- fluctuations in real estate values;
- changes in accounting policies and practices;
- changes in governmental regulation, including, but not limited to, any increase in FDIC insurance premiums and changes in the monetary policies of the U.S. Treasury and the Board of Governors of the Federal Reserve System;
- the 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 considerations;
- strategic transactions we may enter into;
- the adequacy of and changes in the methodology for computing our allowance for credit losses;
- our credit quality and the effect of credit quality on our credit losses expense and allowance for credit 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
- cyber security and fraud risks against our information technology and those of our third-party providers and vendors.

For additional information concerning risks we face, see “Part II, Item 1A. Risk Factors” in this Report and “Item 1A. Risk Factors” in Part I of the 2023 Annual Report on Form 10-K. We undertake no obligation to update these forward-looking statements to reflect events or circumstances that occur after the date on which such statements were made, except as required by law.

### Critical Accounting Policies

We have established various accounting policies that govern the application of GAAP in the preparation of our financial statements. Our significant accounting policies are described in the Notes to the consolidated financial statements in our 2023 Annual Report on Form 10-K. We had no significant changes in our accounting policies since the filing of our 2023 Annual Report on Form 10-K.

Certain accounting policies require us to make significant estimates and assumptions that have a material impact on the carrying value of certain assets and liabilities, and we consider these critical accounting policies. For a description of these critical accounting policies, see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies” in our 2023 Annual Report on Form 10-K. Actual results could differ significantly from these estimates and assumptions, which could have a material impact on the carrying value of assets and liabilities at the balance sheet dates and our results of operations for the reporting periods. Management has discussed the development and selection of these critical accounting policies with the Audit Committee of the Company’s Board of Directors.

### Executive Overview

Financial results include the following:

|  | As of or for the                                     |           |                           |           |
|--|--|-----------|---------------------------|-----------|
|  | Three Months Ended June 30,                          |           | Six Months Ended June 30, |           |
|  | 2024   | 2023      | 2024                      | 2023      |
|  | <i>(dollars in thousands, except per share data)</i> |           |                           |           |
| Net income                             | \$ 14,451  | \$ 20,620 | \$ 29,615                 | \$ 42,612 |
| Earnings per diluted share             | \$ 0.48  | \$ 0.67   | \$ 0.97                   | \$ 1.39   |
| Dividends per share                    | \$ 0.25  | \$ 0.25   | \$ 0.50                   | \$ 0.50   |
| Return on average assets               | 0.77%  | 1.12%     | 0.79%                     | 1.17%     |
| Return on average stockholders’ equity | 7.50%  | 11.14%    | 7.70%                     | 11.66%    |

Net income was \$14.5 million, or \$0.48 per diluted share, for the three months ended June 30, 2024 compared to \$20.6 million, or \$0.67 per diluted share, for the same period a year ago. The decrease in net income was driven by a \$6.8 million decrease in net interest income, a \$1.0 million increase in credit loss expense, and a \$1.0 million increase in noninterest expense, offset by a \$2.5 million decrease in income tax expense. Credit loss expense for the second quarter of 2024 was \$1.0 million compared to a \$0.1 million recovery for the second quarter of 2023. Credit loss expense for the second quarter of 2024 consisted of a \$1.2 million provision for loan losses, offset by a \$0.3 million recovery for off-balance sheet items. Credit loss recovery for the second quarter of 2023 included a \$0.5 million provision for loan losses, offset by a \$0.6 million recovery for off-balance sheet items.

For the six months ended June 30, 2024, net income was \$29.6 million, or \$0.97 per diluted share, compared to \$42.6 million, or \$1.39 per diluted share, for the same period a year ago. The decrease in net income was primarily driven by a decrease in net interest income of \$14.0 million, and a \$4.6 million increase in noninterest expense, offset by decreases in credit loss expense of \$0.9 million and income tax expense of \$5.3 million. Credit loss expense for the six months of 2024 was \$1.2 million compared to a \$2.1 million for the same period a year ago. Credit loss expense for the six months of 2024 consisted of a \$1.7 million provision for loan losses, offset by a \$0.5 million recovery for off-balance sheet items. Credit loss expense for the first six months of 2023 included a \$2.7 million provision for loan losses, offset by a \$0.6 million recovery for off-balance sheet items.

Other financial highlights include the following:

|  |    | June 30,<br>2024 |                | December 31,<br>2023 |
|--|----|------------------|----------------|----------------------|
|  |    |                  | (in thousands) |                      |
| Loans receivable                             | \$ | 6,176,359        | \$             | 6,182,434            |
| Securities available for sale, at fair value |    | 877,638          |                | 865,739              |
| Total assets                                 |    | 7,586,347        |                | 7,570,341            |
| Deposits                                     |    | 6,329,340        |                | 6,280,574            |
| Borrowings                                   |    | 292,500          |                | 325,000              |
| Total stockholders' equity                   |    | 707,059          |                | 701,891              |

## Results of Operations

### Net Interest Income

Our primary source of revenue is net interest income, which is the difference between interest derived from earning assets, and interest paid on liabilities obtained to fund those assets. Our net interest income is affected by changes in the level and mix of interest-earning assets and interest-bearing liabilities, referred to as volume changes. Net interest income is also affected by changes in the yields earned on assets and rates paid on liabilities, referred to as rate changes. Interest rates charged on loans receivable are affected principally by changes to market interest rates, the demand for loans receivable, the supply of money available for lending purposes, and other competitive factors. Those factors are, in turn, affected by general economic conditions and other factors beyond our control, such as federal economic policies, the general supply of money in the economy, legislative tax policies, governmental budgetary matters, and the actions of the Federal Reserve.

The following table shows the average balance of assets, liabilities and stockholders' equity; the amount of interest income, on a tax-equivalent basis, and interest expense; the average yield or rate for each category of interest-earning assets and interest-bearing liabilities; and the net interest spread and the net interest margin for the periods indicated. All average balances are daily average balances.

|  | June 30, 2024       |                           | Three Months Ended     |                     | June 30, 2023             |                      |
|--|---------------------|---------------------------|------------------------|---------------------|---------------------------|----------------------|
|  | Average Balance     | Interest Income / Expense | Average Yield / Rate   | Average Balance     | Interest Income / Expense | Average Yield / Rate |
| <b>Assets</b>  |                     |                           | (dollars in thousands) |                     |                           |                      |
| Interest-earning assets:   |                     |                           |                        |                     |                           |                      |
| Loans receivable <sup>(1)</sup>                                      | \$ 6,089,440        | \$ 90,752                 | 5.99%                  | \$ 5,941,071        | \$ 83,567                 | 5.64%                |
| Securities <sup>(2)</sup>  | 979,671             | 5,238                     | 2.17%                  | 971,531             | 4,126                     | 1.73%                |
| FHLB stock   | 16,385              | 357                       | 8.77%                  | 16,385              | 283                       | 6.92%                |
| Interest-bearing deposits in other banks                             | 180,177             | 2,313                     | 5.16%                  | 230,974             | 2,794                     | 4.85%                |
| Total interest-earning assets  | 7,265,673           | 98,660                    | 5.46%                  | 7,159,961           | 90,770                    | 5.09%                |
| Noninterest-earning assets:  |                     |                           |                        |                     |                           |                      |
| Cash and due from banks  | 55,442              |                           |                        | 62,036              |                           |                      |
| Allowance for credit losses  | (67,908)            |                           |                        | (72,098)            |                           |                      |
| Other assets   | 252,410             |                           |                        | 232,058             |                           |                      |
| <b>Total assets</b>  | <b>\$ 7,505,617</b> |                           |                        | <b>\$ 7,381,957</b> |                           |                      |
| <b>Liabilities and Stockholders' Equity</b>                          |                     |                           |                        |                     |                           |                      |
| Interest-bearing liabilities:  |                     |                           |                        |                     |                           |                      |
| Deposits:  |                     |                           |                        |                     |                           |                      |
| Demand: interest-bearing   | \$ 85,443           | \$ 32                     | 0.15%                  | \$ 99,057           | \$ 27                     | 0.11%                |
| Money market and savings   | 1,845,870           | 17,324                    | 3.77%                  | 1,463,304           | 9,887                     | 2.71%                |
| Time deposits  | 2,453,154           | 29,139                    | 4.78%                  | 2,403,685           | 22,201                    | 3.70%                |
| Total interest-bearing deposits                                      | 4,384,467           | 46,495                    | 4.27%                  | 3,966,046           | 32,115                    | 3.25%                |
| Borrowings   | 169,525             | 1,896                     | 4.50%                  | 196,776             | 1,633                     | 3.33%                |
| Subordinated debentures  | 130,239             | 1,649                     | 5.07%                  | 129,631             | 1,600                     | 4.94%                |
| Total interest-bearing liabilities                                   | 4,684,231           | 50,040                    | 4.30%                  | 4,292,453           | 35,348                    | 3.30%                |
| Noninterest-bearing liabilities and equity:                          |                     |                           |                        |                     |                           |                      |
| Demand deposits: noninterest-bearing                                 | 1,883,765           |                           |                        | 2,213,171           |                           |                      |
| Other liabilities  | 162,543             |                           |                        | 133,623             |                           |                      |
| Stockholders' equity   | 775,078             |                           |                        | 742,710             |                           |                      |
| <b>Total liabilities and stockholders' equity</b>                    | <b>\$ 7,505,617</b> |                           |                        | <b>\$ 7,381,957</b> |                           |                      |
| <b>Net interest income</b>   |                     | <b>\$ 48,620</b>          |                        |                     | <b>\$ 55,422</b>          |                      |
| <b>Cost of deposits <sup>(3)</sup></b>                               |                     |                           | <b>2.98%</b>           |                     |                           | <b>2.08%</b>         |
| <b>Net interest spread (taxable equivalent basis) <sup>(4)</sup></b> |                     |                           | <b>1.16%</b>           |                     |                           | <b>1.79%</b>         |
| <b>Net interest margin (taxable equivalent basis) <sup>(5)</sup></b> |                     |                           | <b>2.69%</b>           |                     |                           | <b>3.11%</b>         |

(1) Loans receivable include loans held for sale and exclude the allowance for credit losses. Nonaccrual loans receivable are included in the average loans receivable balance.

(2) Securities average yield is calculated on a fully taxable equivalent basis using the current statutory federal tax rate of 21%.

(3) Represents interest expense on deposits as a percentage of all interest-bearing and noninterest-bearing deposits.

(4)Represents the average yield earned on interest-earning assets less the average rate paid on interest-bearing liabilities.

(5)Represents net interest income as a percentage of average interest-earning assets.

The table below shows changes in interest income and interest expense and the amounts attributable to variations in interest rates and volumes for the periods indicated. The variances attributable to simultaneous volume and rate changes have been allocated to the change due to volume and the change due to rate categories in proportion to the relationship of the absolute dollar amount attributable solely to the change in volume and to the change in rate.

|   | Three Months Ended<br>June 30, 2024 vs June 30, 2023 |                        |                   |
|---|--|------------------------|-------------------|
|   | Increases (Decreases) Due to Change In               |                        | Total             |
|   | Volume   | Rate<br>(in thousands) |                   |
| Interest and dividend income:             |  |                        |                   |
| Loans receivable <sup>(1)</sup>           | \$ 1,848   | \$ 5,337               | \$ 7,185          |
| Securities <sup>(2)</sup>                 | 35   | 1,077                  | 1,112             |
| FHLB stock                                | (2)  | 76                     | 74                |
| Interest-bearing deposits in other banks  | (619)  | 138                    | (481)             |
| <b>Total interest and dividend income</b> | <b>1,262</b>   | <b>6,628</b>           | <b>7,890</b>      |
| Interest expense:                         |  |                        |                   |
| Demand: interest-bearing                  | \$ (4)   | \$ 9                   | \$ 5              |
| Money market and savings                  | 2,551  | 4,886                  | 7,437             |
| Time deposits                             | 395  | 6,543                  | 6,938             |
| Borrowings                                | (232)  | 495                    | 263               |
| Subordinated debentures                   | 8  | 41                     | 49                |
| <b>Total interest expense</b>             | <b>2,718</b>   | <b>11,974</b>          | <b>14,692</b>     |
| <b>Change in net interest income</b>      | <b>\$ (1,456)</b>                                    | <b>\$ (5,346)</b>      | <b>\$ (6,802)</b> |

(1)Loans receivable include loans held for sale and exclude the allowance for credit losses. Nonaccrual loans receivable are included in the average loans receivable balance.

(2)Securities average yield is calculated on a fully taxable equivalent basis using the current statutory federal tax rate of 21%.

For the three months ended June 30, 2024 and 2023, net interest income was \$48.6 million and \$55.4 million, respectively. The net interest spread and net interest margin, on a taxable equivalent basis, for the quarter ended June 30, 2024, were 1.16% and 2.69%, respectively, compared to 1.79% and 3.11%, respectively, for the same period in 2023. Interest and dividend income increased \$7.9 million, or 8.7%, to \$98.7 million for the three months ended June 30, 2024 from \$90.8 million for the same period in 2023, primarily due to higher average interest-earning asset yields, primarily related to loans, and an increase in the average balance of loans and securities. Interest expense increased \$14.7 million, or 41.6%, to \$50.0 million for the three months ended June 30, 2024 from \$35.3 million for the same period in 2023 primarily due to increases in deposit rates and average deposit balances and, to a lesser extent, an increase in the cost of borrowings. The increases in average interest-earning asset yields and deposit and borrowing rates were due to the rising interest rate environment.

The average balance of interest earning assets increased \$105.7 million, or 1.5%, to \$7.27 billion for the three months ended June 30, 2024, from \$7.16 billion for the three months ended June 30, 2023. The average balance of loans increased \$148.4 million, or 2.5%, to \$6.09 billion for the three months ended June 30, 2024, from \$5.94 billion for the three months ended June 30, 2023. The average balance of securities increased \$8.1 million, or 0.8%, to \$979.7 million for the three months ended June 30, 2024, from \$971.5 million for the three months ended June 30, 2023. The average balance of interest-bearing deposits at other banks decreased \$50.8 million, or 22.0%, to \$180.2 million for the three months ended June 30, 2024, from \$231.0 million for the three months ended June 30, 2023.

The average yield on interest-earning assets, on a taxable equivalent basis, increased 37 basis points to 5.46% for the three months ended June 30, 2024, from 5.09% for the three months ended June 30, 2023. The average yield on loans increased to 5.99% for the three months ended June 30, 2024, from 5.64% for the three months ended June 30, 2023. The average yield on securities, on a taxable equivalent basis, increased to 2.17% for the three months ended June 30, 2024, from 1.73% for the three months ended June 30, 2023. The average yield on interest-bearing deposits in other banks increased 31 basis points to 5.16% for the three months ended June 30, 2024, from 4.85% for the three months ended June 30, 2023. The increased yields were primarily due to increases in market interest rates.



The average balance of interest-bearing liabilities increased \$391.8 million, or 9.1%, to \$4.68 billion for the three months ended June 30, 2024 compared with \$4.29 billion for the three months ended June 30, 2023. The average balances of time deposits and money market and savings accounts increased \$49.5 million and \$382.6 million, respectively, offset partially by decreases in interest-bearing demand deposits and borrowings of \$13.6 million and \$27.3 million, respectively.

The average cost of interest-bearing liabilities was 4.30% and 3.30% for the three months ended June 30, 2024 and 2023, respectively. The average cost of interest-bearing deposits increased 102 basis points to 4.27% for the three months ended June 30, 2024, compared with 3.25% for the three months ended June 30, 2023. The average cost of time deposits increased 108 basis points to 4.78% for the three months ended June 30, 2024 compared with 3.70% for the three months ended June 30, 2023. The average cost of money market and savings accounts increased 106 basis points to 3.77% for the three months ended June 30, 2023 compared with 2.71% for the three months ended June 30, 2023. The average cost of subordinated debentures increased 13 basis points to 5.07% for the three months ended June 30, 2024 compared with 4.94% for the three months ended June 30, 2023. The average cost of borrowings increased 117 basis points to 4.50% for the three months ended June 30, 2024 compared with 3.33% for the three months ended June 30, 2023. The increased costs were primarily due to increases in market interest rates.

The following table shows the average balance of assets, liabilities and stockholders' equity; the amount of interest income, on a tax-equivalent basis, and interest expense; the average yield or rate for each category of interest-earning assets and interest-bearing liabilities; and the net interest spread and the net interest margin for the periods indicated. All average balances are daily average balances.

|  | June 30, 2024       |                                 | Six Months Ended           |                     | June 30, 2023                   |                            |  |
|--|---------------------|---------------------------------|----------------------------|---------------------|---------------------------------|----------------------------|--|
|  | Average<br>Balance  | Interest<br>Income /<br>Expense | Average<br>Yield /<br>Rate | Average<br>Balance  | Interest<br>Income /<br>Expense | Average<br>Yield /<br>Rate |  |
| (dollars in thousands)   |                     |                                 |                            |                     |                                 |                            |  |
| <b>Assets</b>  |                     |                                 |                            |                     |                                 |                            |  |
| Interest-earning assets:   |                     |                                 |                            |                     |                                 |                            |  |
| Loans receivable <sup>(1)</sup>                                      | \$ 6,113,664        | \$ 182,427                      | 6.00 %                     | \$ 5,942,726        | \$ 164,490                      | 5.58 %                     |  |
| Securities <sup>(2)</sup>  | 974,596             | 10,193                          | 2.12 %                     | 976,096             | 8,152                           | 1.70 %                     |  |
| FHLB stock   | 16,385              | 719                             | 8.82 %                     | 16,385              | 572                             | 7.04 %                     |  |
| Interest-bearing deposits in other banks                             | 190,950             | 4,914                           | 5.18 %                     | 212,043             | 4,859                           | 4.62 %                     |  |
| Total interest-earning assets  | 7,295,595           | 198,253                         | 5.46 %                     | 7,147,250           | 178,073                         | 5.02 %                     |  |
| Noninterest-earning assets:  |                     |                                 |                            |                     |                                 |                            |  |
| Cash and due from banks  | 56,912              |                                 |                            | 63,553              |                                 |                            |  |
| Allowance for credit losses  | (68,507 )           |                                 |                            | (71,777 )           |                                 |                            |  |
| Other assets   | 248,555             |                                 |                            | 235,571             |                                 |                            |  |
| <b>Total assets</b>  | <b>\$ 7,532,555</b> |                                 |                            | <b>\$ 7,374,597</b> |                                 |                            |  |
| <b>Liabilities and Stockholders' Equity</b>                          |                     |                                 |                            |                     |                                 |                            |  |
| Interest-bearing liabilities:  |                     |                                 |                            |                     |                                 |                            |  |
| Deposits:  |                     |                                 |                            |                     |                                 |                            |  |
| Demand: interest-bearing   | \$ 85,922           | \$ 61                           | 0.14 %                     | \$ 104,196          | \$ 56                           | 0.11 %                     |  |
| Money market and savings   | 1,830,478           | 33,877                          | 3.72 %                     | 1,458,463           | 17,201                          | 2.38 %                     |  |
| Time deposits  | 2,480,492           | 58,195                          | 4.72 %                     | 2,314,148           | 40,356                          | 3.52 %                     |  |
| Total interest-bearing deposits                                      | 4,396,892           | 92,133                          | 4.21 %                     | 3,876,807           | 57,613                          | 3.00 %                     |  |
| Borrowings   | 165,972             | 3,551                           | 4.30 %                     | 232,219             | 4,002                           | 3.48 %                     |  |
| Subordinated debentures  | 130,163             | 3,295                           | 5.06 %                     | 129,557             | 3,182                           | 4.91 %                     |  |
| Total interest-bearing liabilities                                   | 4,693,027           | 98,979                          | 4.24 %                     | 4,238,583           | 64,797                          | 3.08 %                     |  |
| Noninterest-bearing liabilities and equity:                          |                     |                                 |                            |                     |                                 |                            |  |
| Demand deposits: noninterest-bearing                                 | 1,902,477           |                                 |                            | 2,268,485           |                                 |                            |  |
| Other liabilities  | 163,533             |                                 |                            | 130,385             |                                 |                            |  |
| Stockholders' equity   | 773,518             |                                 |                            | 737,144             |                                 |                            |  |
| <b>Total liabilities and stockholders' equity</b>                    | <b>\$ 7,532,555</b> |                                 |                            | <b>\$ 7,374,597</b> |                                 |                            |  |
| <b>Net interest income</b>   |                     | <b>\$ 99,274</b>                |                            |                     | <b>\$ 113,276</b>               |                            |  |
| <b>Cost of deposits <sup>(3)</sup></b>                               |                     |                                 | <b>2.94 %</b>              |                     |                                 | <b>1.89 %</b>              |  |
| <b>Net interest spread (taxable equivalent basis) <sup>(4)</sup></b> |                     |                                 | <b>1.22 %</b>              |                     |                                 | <b>1.94 %</b>              |  |
| <b>Net interest margin (taxable equivalent basis) <sup>(5)</sup></b> |                     |                                 | <b>2.74 %</b>              |                     |                                 | <b>3.20 %</b>              |  |

(1) Loans receivable include loans held for sale and exclude the allowance for credit losses. Nonaccrual loans receivable are included in the average loans receivable balance.

(2) Securities average yield is calculated on a fully taxable equivalent basis using the current statutory federal tax rate of 21%.

(3) Represents interest expense on deposits as a percentage of all interest-bearing and noninterest-bearing deposits.

(4) Represents the average yield earned on interest-earning assets less the average rate paid on interest-bearing liabilities.

(5) Represents net interest income as a percentage of average interest-earning assets.

The table below shows changes in interest income and interest expense and the amounts attributable to variations in interest rates and volumes for the periods indicated. The variances attributable to simultaneous volume and rate changes have been allocated to the change due to volume and the change due to rate categories in proportion to the relationship of the absolute dollar amount attributable solely to the change in volume and to the change in rate.

| Six Months Ended<br>June 30, 2024 vs June 30, 2023<br>Increases (Decreases) Due to Change In |                   |                    |           |                 |
|--|-------------------|--------------------|-----------|-----------------|
|  | Volume            | Rate               | Total     |                 |
|  | (in thousands)    |                    |           |                 |
| Interest and dividend income:  |                   |                    |           |                 |
| Loans receivable <sup>(1)</sup>  | \$ 5,182          | \$ 12,755          | \$        | 17,937          |
| Securities <sup>(2)</sup>  | (13)              | 2,054              |           | 2,041           |
| FHLB stock   | (1)               | 148                |           | 147             |
| Interest-bearing deposits in other banks   | (498)             | 553                |           | 55              |
| <b>Total interest and dividend income</b>  | <b>4,670</b>      | <b>15,510</b>      |           | <b>20,180</b>   |
| Interest expense:  |                   |                    |           |                 |
| Demand: interest-bearing   | \$ (10)           | \$ 15              | \$        | 5               |
| Money market and savings   | 4,352             | 12,324             |           | 16,676          |
| Time deposits  | 2,798             | 15,041             |           | 17,839          |
| Borrowings   | (1,158)           | 707                |           | (451)           |
| Subordinated debentures  | 15                | 98                 |           | 113             |
| <b>Total interest expense</b>  | <b>5,997</b>      | <b>28,185</b>      |           | <b>34,182</b>   |
| <b>Change in net interest income</b>   | <b>\$ (1,327)</b> | <b>\$ (12,675)</b> | <b>\$</b> | <b>(14,002)</b> |

For the six months ended June 30, 2024 and 2023, net interest income was \$99.3 million and \$113.3 million, respectively. The net interest spread and net interest margin, on a taxable equivalent basis, for the six months ended June 30, 2024, were 1.22% and 2.74%, respectively, compared to 1.94% and 3.20%, respectively, for the same period in 2023. Interest and dividend income increased \$20.2 million, or 11.3%, to \$198.3 million for the six months ended June 30, 2024 from \$178.1 million for the same period in 2023, primarily due to higher average interest-earning asset yields and an increase in the average balance of loans. Interest expense increased \$34.2 million, or 52.8%, to \$99.0 million for the six months ended June 30, 2024 from \$64.8 million for the same period in 2023, primarily due to increases in deposit rates and average deposit balances and, to a lesser extent, an increase in the cost of borrowings. The increases in average interest-earning asset yields and deposit and borrowing rates were due to the rising interest rate environment.

The average balance of interest earning assets increased \$148.3 million, or 2.1%, to \$7.30 billion for the six months ended June 30, 2024, from \$7.15 billion for the six months ended June 30, 2023. The average balance of loans increased \$170.9 million, or 2.9%, to \$6.11 billion for the six months ended June 30, 2024, from \$5.94 billion for the six months ended June 30, 2023. The average balance of securities decreased \$1.5 million, or 0.2%, to \$974.6 million for the six months ended June 30, 2024, from \$976.1 million for the six months ended June 30, 2023. The average balance of interest-bearing deposits at other banks decreased \$21.1 million, or 9.9%, to \$191.0 million for the six months ended June 30, 2024, from \$212.0 million for the six months ended June 30, 2023.

The average yield on interest-earning assets, on a taxable equivalent basis, increased 44 basis points to 5.46% for the six months ended June 30, 2024, from 5.02% for the six months ended June 30, 2023. The average yield on loans increased to 6.00% for the six months ended June 30, 2024, from 5.58% for the six months ended June 30, 2023. The average yield on securities, on a taxable equivalent basis, increased to 2.12% for the six months ended June 30, 2024, from 1.70% for the six months ended June 30, 2023. The average yield on interest-bearing deposits in other banks increased 56 basis points to 5.18% for the six months ended June 30, 2024, from 4.62% for the six months ended June 30, 2023. The increased yields were primarily due to increases in market interest rates.

The average balance of interest-bearing liabilities increased \$454.4 million, or 10.7%, to \$4.69 billion for the six months ended June 30, 2024 compared with \$4.24 billion for the six months ended June 30, 2023. The average balances of time deposits and money market and savings accounts increased \$166.3 million and \$372.0 million, respectively, offset partially by decreases in interest-bearing demand deposits and borrowings of \$18.3 million and \$66.2 million, respectively.

The average cost of interest-bearing liabilities was 4.24% and 3.08% for the six months ended June 30, 2024 and 2023, respectively. The average cost of interest-bearing deposits increased 121 basis points to 4.21% for the six months ended June 30, 2024, compared with 3.00% for the six months ended June 30, 2023. The average cost of time deposits increased 120 basis points to 4.72% for the six months ended June 30, 2024 compared with 3.52% for the six months ended June 30, 2023. The average cost of

money market and savings accounts increased 134 basis points to 3.72% for the six months ended June 30, 2023 compared with 2.38% for the six months ended June 30, 2023. The average cost of subordinated debentures increased 15 basis points to 5.06% for the six months ended June 30, 2024 compared with 4.91% for the six months ended June 30, 2023. The average cost of borrowings increased 82 basis points to 4.30% for the six months ended June 30, 2024 compared with 3.48% for the six months ended June 30, 2023. The increased costs were primarily due to increases in market interest rates.

### Credit Loss Expense

For the second quarter of 2024, the Company recorded \$1.0 million of credit loss expense, comprised of a \$1.2 million provision for loan losses, partially offset by a \$0.3 million recovery for off-balance sheet items. For the same period in 2023, the Company recorded \$0.1 million of credit loss recovery, comprised of a \$0.5 million provision for loan losses, offset by a \$0.6 million recovery for off-balance sheet items.

For the six months ended June 30, 2024, the Company recorded \$1.2 million of credit loss expense, comprised of a \$1.7 million provision for loan losses, partially offset by a \$0.5 million recovery for off-balance sheet items. For the same period in 2023, the Company recorded \$2.1 million of credit loss expense, comprised of a \$2.7 million provision for loan losses, partially offset by a \$0.6 million recovery for off-balance sheet items.

See also "Allowance for Credit Losses and Allowance for Credit Losses Related to Off-Balance Sheet Items" for further details.

### Noninterest Income

The following table sets forth the various components of noninterest income for the periods indicated:

|  | Three Months Ended June 30, |                 |                | Increase<br>(Decrease)<br>Amount | Increase<br>(Decrease)<br>Percent |
|--|-----------------------------|-----------------|----------------|----------------------------------|-----------------------------------|
|  | 2024                        | 2023            | (in thousands) |                                  |                                   |
| Service charges on deposit accounts              | \$ 2,429                    | \$ 2,571        |                | \$ (142)                         | (5.52)%                           |
| Trade finance and other service charges and fees | 1,277                       | 1,173           |                | 104                              | 8.87                              |
| Servicing income                                 | 796                         | 825             |                | (29)                             | (3.52)                            |
| Bank-owned life insurance income                 | 638                         | 271             |                | 367                              | 135.42                            |
| All other operating income                       | 908                         | 1,811           |                | (903)                            | (49.86)                           |
| <b>Service charges, fees &amp; other</b>         | <b>6,048</b>                | <b>6,651</b>    |                | <b>(603)</b>                     | <b>(9.07)</b>                     |
| Gain on sale of SBA loans                        | 1,644                       | 1,212           |                | 432                              | 35.64                             |
| Gain on sale of mortgage loans                   | 365                         | —               |                | 365                              | —                                 |
| Net loss on sale of securities                   | —                           | (1,871)         |                | 1,871                            | (100.00)                          |
| Legal settlement                                 | —                           | 1,943           |                | (1,943)                          | (100.00)                          |
| <b>Total noninterest income</b>                  | <b>\$ 8,057</b>             | <b>\$ 7,935</b> |                | <b>\$ 122</b>                    | <b>1.54%</b>                      |

For the three months ended June 30, 2024, noninterest income was \$8.1 million, an increase of \$0.1 million, or 1.5%, compared to \$7.9 million for the same period in 2023, due primarily to an increase in the gains on sales of SBA and mortgage loans and in bank-owned life insurance benefit income, offset partially by a decrease in all other operating income. The \$0.9 million decrease in all other operating income was mainly attributed to a one-time \$0.6 million increase in income related to equipment financing agreements in the second quarter in 2023. During the second quarter of 2024, the Company sold \$19.5 million of residential loans and recognized a net gain of \$0.4 million. In the second quarter of 2024 the Company also sold \$23.5 million of SBA loans and recognized a net gain of \$1.6 million. For the three months ended June 30, 2024, trade premiums on SBA loan sales increased 79 basis points, to 8.54%, from 7.75% for the three months ended June 30, 2023.

The following table sets forth the various components of noninterest income for the periods indicated:

|  | Six Months Ended June 30, |                  |                | Increase<br>(Decrease)<br>Amount | Increase<br>(Decrease)<br>Percent |
|--|---------------------------|------------------|----------------|----------------------------------|-----------------------------------|
|  | 2024                      | 2023             | (in thousands) |                                  |                                   |
| Service charges on deposit accounts              | \$ 4,878                  | \$ 5,151         |                | \$ (273)                         | (5.30)%                           |
| Trade finance and other service charges and fees | 2,691                     | 2,431            |                | 260                              | 10.70                             |
| Servicing income                                 | 1,508                     | 1,567            |                | (59)                             | (3.77)                            |
| Bank-owned life insurance income                 | 942                       | 541              |                | 401                              | 74.12                             |
| All other operating income                       | 1,837                     | 3,428            |                | (1,591)                          | (46.41)                           |
| <b>Service charges, fees &amp; other</b>         | <b>11,856</b>             | <b>13,118</b>    |                | <b>(1,262)</b>                   | <b>(9.62)</b>                     |
| Gain on sale of SBA loans                        | 3,126                     | 3,081            |                | 45                               | 1.46                              |
| Gain on sale of mortgage loans                   | 808                       | —                |                | 808                              | 100.00                            |
| Net loss on sale of securities                   | —                         | (1,871)          |                | 1,871                            | (100.00)                          |
| Legal settlement                                 | —                         | 1,943            |                | (1,943)                          | (100.00)                          |
| <b>Total noninterest income</b>                  | <b>\$ 15,790</b>          | <b>\$ 16,271</b> |                | <b>\$ (481)</b>                  | <b>(2.96)%</b>                    |

For the six months ended June 30, 2024, noninterest income was \$15.8 million, a decrease of \$0.5 million, or 3.0%, compared to \$16.3 million for the same period in 2023, due primarily to a decrease in all other operating income, offset primarily by bank-owned life insurance benefit income in the second quarter of 2024, and gain on sale of mortgage loans. The \$1.6 million decrease in all other operating income was mainly attributed to a one time \$0.6 million increase in income related to equipment financing agreements in the second quarter in 2023, and \$0.6 million in swap fee income in the six months ended June 30, 2023. During the first six months in 2024, the Company sold \$49.2 million of residential loans and recognized a net gain of \$0.8 million.

#### Noninterest Expense

The following table sets forth the components of noninterest expense for the periods indicated:

|   | Three Months Ended June 30, |                  |                | Increase<br>(Decrease)<br>Amount | Increase<br>(Decrease)<br>Percent |
|---|-----------------------------|------------------|----------------|----------------------------------|-----------------------------------|
|   | 2024                        | 2023             | (in thousands) |                                  |                                   |
| Salaries and employee benefits                | \$ 20,434                   | \$ 20,365        |                | \$ 69                            | 0.34%                             |
| Occupancy and equipment                       | 4,607                       | 4,500            |                | 107                              | 2.38                              |
| Data processing                               | 3,686                       | 3,465            |                | 221                              | 6.38                              |
| Professional fees                             | 1,749                       | 1,376            |                | 373                              | 27.11                             |
| Supplies and communications                   | 570                         | 638              |                | (68)                             | (10.66)                           |
| Advertising and promotion                     | 669                         | 748              |                | (79)                             | (10.56)                           |
| All other operating expenses                  | 2,992                       | 3,243            |                | (251)                            | (7.74)                            |
| <b>Subtotal</b>                               | <b>34,707</b>               | <b>34,335</b>    |                | <b>372</b>                       | <b>1.08</b>                       |
| Branch consolidation expense                  | 301                         | —                |                | 301                              | 100.00                            |
| Other real estate owned expense               | 6                           | 4                |                | 2                                | 50.00                             |
| Reposessed personal property expense (income) | 262                         | (59)             |                | 321                              | (544.07)                          |
| <b>Total noninterest expense</b>              | <b>\$ 35,276</b>            | <b>\$ 34,280</b> |                | <b>\$ 996</b>                    | <b>2.91%</b>                      |

For the three months ended June 30, 2024, noninterest expense was \$35.3 million, an increase of \$1.0 million, or 2.9%, compared with \$34.3 million for the same period in 2023. The increase was mainly attributed to a \$0.4 million increase in professional fees, \$0.3 million in branch consolidation expense due to the consolidation of three branches; two branches in Texas and one branch in California, and a \$0.3 million increase in reposessed personal property expense. The increase in professional fees was mainly attributed to increases in legal and consulting expenses. Reposessed personal property expense increased due to a loss on sale of lease assets.

The following table sets forth the components of noninterest expense for the periods indicated:

|   | Six Months Ended June 30, |           |          | Increase<br>(Decrease)<br>Amount | Increase<br>(Decrease)<br>Percent |
|---|---------------------------|-----------|----------|----------------------------------|-----------------------------------|
|   | 2024                      | 2023      |          |                                  |                                   |
|   | (in thousands)            |           |          |                                  |                                   |
| Salaries and employee benefits                    | \$ 42,019                 | \$ 40,975 | \$ 1,044 | 2.55%                            |                                   |
| Occupancy and equipment                           | 8,843                     | 8,912     | (69)     | (0.77)                           |                                   |
| Data processing                                   | 7,237                     | 6,718     | 519      | 7.73                             |                                   |
| Professional fees                                 | 3,642                     | 2,710     | 932      | 34.39                            |                                   |
| Supplies and communications                       | 1,172                     | 1,314     | (142)    | (10.81)                          |                                   |
| Advertising and promotion                         | 1,576                     | 1,581     | (5)      | (0.32)                           |                                   |
| All other operating expenses                      | 6,451                     | 5,202     | 1,249    | 24.01                            |                                   |
| Subtotal  | 70,940                    | 67,412    | 3,528    | 5.23                             |                                   |
| Branch consolidation expense                      | 301                       | —         | 301      | 100.00                           |                                   |
| Other real estate owned expense (income)          | 28                        | (197)     | 225      | (114.21)                         |                                   |
| Repossessioned personal property expense (income) | 451                       | (143)     | 594      | (415.38)                         |                                   |
| Total noninterest expense                         | \$ 71,720                 | \$ 67,072 | \$ 4,648 | 6.93%                            |                                   |

For the six months ended June 30, 2024, noninterest expense was \$71.7 million, an increase of \$4.6 million, or 6.9%, compared with \$67.1 million for the same period in 2023. Salaries and employee benefits increased \$1.0 million due to higher salaries, group insurance, and share-based compensation expense, offset primarily by capitalized labor costs associated with the Company's investment in a new loan origination system. Professional fees increased \$0.9 million due to higher consulting and legal expenses. All other operating expenses increased \$1.2 million mainly due to a \$0.5 million increase in loan related expense and a \$0.4 million SBA servicing asset adjustment. Repossessed personal property expense increased due to a \$0.6 million loss on sale of lease assets.

#### Income Tax Expense

Income tax expense was \$6.0 million and \$8.5 million for the three months ended June 30, 2024 and 2023, respectively, representing an effective income tax rate of 29.3% for both periods. Income tax expense was \$12.5 million and \$17.8 million representing an effective income tax rate of 29.7% and 29.5% for the six months ended June 30, 2024 and 2023, respectively.

#### Financial Condition

##### Securities

As of June 30, 2024, our securities portfolio consisted of U.S. government agency and sponsored agency mortgage-backed securities, collateralized mortgage obligations and debt securities, tax-exempt municipal bonds and U.S. Treasury securities. Most of these securities carry fixed interest rates. Other than holdings of U.S. government agency and sponsored agency obligations, there were no securities of any one issuer exceeding 10% of stockholders' equity as of June 30, 2024 or December 31, 2023.

Securities increased \$11.9 million to \$877.6 million at June 30, 2024 from \$865.7 million at December 31, 2023, mainly attributed to \$78.5 million in securities purchases, partially offset by \$58.8 million in paydowns and maturities, and an increase in unrealized securities losses of \$6.4 million during the six months ended June 30, 2024.

The following table summarizes the contractual maturity schedule for securities, at amortized cost, and their cost weighted average yield, which is calculated using amortized cost as the weight, as of June 30, 2024:

|   | Within One<br>Year |               | After One<br>Year But<br>Within Five<br>Years |               | After Five<br>Years But<br>Within Ten<br>Years |               | After Ten<br>Years |               | Total          |               |
|---|--------------------|---------------|---|---------------|--|---------------|--------------------|---------------|----------------|---------------|
|   | Amount             | Yield         | Amount  | Yield         | Amount   | Yield         | Amount             | Yield         | Amount         | Yield         |
| <i>(dollars in thousands)</i>                                 |                    |               |   |               |  |               |                    |               |                |               |
| <b>Securities available for sale:</b>                         |                    |               |   |               |  |               |                    |               |                |               |
| U.S. Treasury securities                                      | \$ 42,682          | 4.02 %        | \$ 58,321                                     | 4.20 %        | \$ —   | 0.00 %        | \$ —               | 0.00 %        | \$ 101,003     | 4.12 %        |
| U.S. government agency and sponsored agency obligations:      |                    |               |   |               |  |               |                    |               |                |               |
| Mortgage-backed securities - residential                      | 20                 | 3.01          | —   | —             | 20,882   | 3.37          | 459,979            | 1.73          | 480,881        | 1.80          |
| Mortgage-backed securities - commercial                       | 5,280              | 2.98          | 5,027   | 2.60          | —  | —             | 55,095             | 1.90          | 65,402         | 2.04          |
| Collateralized mortgage obligations                           | —                  | —             | 146   | 1.28          | 278  | 2.61          | 133,731            | 3.65          | 134,155        | 3.65          |
| Debt securities   | 55,218             | 1.48          | 72,040  | 1.33          | —  | —             | —                  | —             | 127,258        | 1.40          |
| Total U.S. government agency and sponsored agency obligations | 60,518             | 1.61          | 77,213  | 1.41          | 21,160   | 3.36          | 648,805            | 2.14          | 807,696        | 2.06          |
| Municipal bonds-tax exempt                                    |                    |               |   |               | 35,173   | 1.35          | 41,433             | 1.33          | 76,606         | 1.34          |
|   | <b>103,200</b>     |               | <b>135,534</b>                                |               |  |               | <b>690,238</b>     |               | <b>985,305</b> |               |
| <b>Total securities available for sale</b>                    | <b>\$ 0</b>        | <b>2.61 %</b> | <b>\$ 4</b>                                   | <b>2.61 %</b> | <b>\$ 56,333</b>                               | <b>2.11 %</b> | <b>\$ 8</b>        | <b>2.09 %</b> | <b>\$ 5</b>    | <b>2.22 %</b> |

#### Loans Receivable

As of June 30, 2024 and December 31, 2023, loans receivable (excluding loans held for sale), net of deferred loan fees and costs, discounts and allowance for credit losses, were \$6.11 billion. For the six months ended June 30, 2024, there was \$507.9 million in new loan production, which included \$24.7 million in SBA loan purchases, offset partially by \$333.0 million in loan sales and payoffs, and amortization and other reductions of \$181.0 million. Loan production consisted of commercial real estate loans of \$147.7 million, residential mortgages of \$83.3 million, commercial and industrial loans of \$109.8 million, equipment financing agreements of \$81.7 million and SBA loans of \$85.3 million.

The table below shows the maturity distribution of outstanding loans, before the allowance for credit losses as of June 30, 2024. In addition, the table shows the distribution of such loans between those with floating or variable interest rates and those with fixed or predetermined interest rates.

|   | Within One<br>Year  | After One<br>Year but<br>Within Three<br>Years | After Three<br>Years but<br>Within Five<br>Years | After Five<br>Years but<br>Within Fifteen<br>Years | After<br>Fifteen<br>Years | Total               |
|---|---------------------|--|--|--|---------------------------|---------------------|
| <i>(in thousands)</i>                   |                     |  |  |  |                           |                     |
| Real estate loans:                      |                     |  |  |  |                           |                     |
| Commercial property                     |                     |  |  |  |                           |                     |
| Retail                                  | \$ 138,475          | \$ 377,456                                     | \$ 368,065                                       | \$ 152,789   | \$ 57,943                 | \$ 1,094,728        |
| Hospitality                             | 218,302             | 212,578  | 211,732  | 96,112   | 15,876                    | 754,600             |
| Office                                  | 142,582             | 292,872  | 116,191  | 14,263   | 6,624                     | 572,532             |
| Other                                   | 150,352             | 526,468  | 479,618  | 161,280  | 42,421                    | 1,360,139           |
| Total commercial property loans         | 649,711             | 1,409,374                                      | 1,175,606  | 424,444  | 122,864                   | 3,781,999           |
| Construction                            | 65,551              | 39,013   | 1,942  | —  | —                         | 106,506             |
| Residential                             | 4,851               | 61   | 126  | 4,833  | 944,338                   | 954,209             |
| Total real estate loans                 | 720,113             | 1,448,448                                      | 1,177,674  | 429,277  | 1,067,202                 | 4,842,714           |
| Commercial and industrial loans         | 396,857             | 184,125  | 66,738   | 154,652  | —                         | 802,372             |
| Equipment financing agreements          | 28,521              | 214,846  | 273,091  | 14,815   | —                         | 531,273             |
| <b>Loans receivable</b>                 | <b>\$ 1,145,491</b> | <b>\$ 1,847,419</b>                            | <b>\$ 1,517,503</b>                              | <b>\$ 598,744</b>                                  | <b>\$ 1,067,202</b>       | <b>\$ 6,176,359</b> |
| Loans with predetermined interest rates | 533,731             | 1,357,175                                      | 801,668  | 54,840   | 258,850                   | 3,006,264           |
| Loans with variable interest rates      | 611,760             | 490,244  | 715,835  | 543,904  | 808,352                   | 3,170,095           |

The table below shows the maturity distribution of outstanding loans, before the allowance for credit losses, with fixed or predetermined interest rates, as of June 30, 2024.

|                                 | Within One<br>Year    | After One<br>Year but<br>Within Three<br>Years | After Three<br>Years but<br>Within Five<br>Years | After Five<br>Years but<br>Within<br>Fifteen<br>Years | After<br>Fifteen<br>Years | Total               |
|---------------------------------|-----------------------|--|--|---|---------------------------|---------------------|
|                                 | <i>(in thousands)</i> |  |  |   |                           |                     |
| Real estate loans:              |                       |  |  |   |                           |                     |
| Commercial property             |                       |  |  |   |                           |                     |
| Retail                          | \$ 106,447            | \$ 341,635                                     | \$ 140,340                                       | \$ 35   | \$ 229                    | \$ 588,686          |
| Hospitality                     | 78,945                | 151,046  | 97,498   | 17,908  | —                         | 345,397             |
| Office                          | 105,081               | 212,512  | 54,519   | —   | —                         | 372,112             |
| Other                           | 107,215               | 434,730  | 223,088  | 13,017  | 3,356                     | 781,406             |
| Total commercial property loans | 397,688               | 1,139,923                                      | 515,445  | 30,960  | 3,585                     | 2,087,601           |
| Construction                    | 29,542                | —  | —  | —   | —                         | 29,542              |
| Residential                     | 1,537                 | 61   | —  | 2,472   | 255,265                   | 259,335             |
| Total real estate loans         | 428,767               | 1,139,984                                      | 515,445  | 33,432  | 258,850                   | 2,376,478           |
| Commercial and industrial loans | 76,443                | 2,345  | 13,133   | 6,592   | —                         | 98,513              |
| Equipment financing agreements  | 28,521                | 214,846  | 273,090  | 14,816  | —                         | 531,273             |
| <b>Loans receivable</b>         | <b>\$ 533,731</b>     | <b>\$ 1,357,175</b>                            | <b>\$ 801,668</b>                                | <b>\$ 54,840</b>                                      | <b>\$ 258,850</b>         | <b>\$ 3,006,264</b> |

The table below shows the maturity distribution of outstanding loans, before the allowance for credit losses, with floating or variable interest rates (including hybrids), as of June 30, 2024.

|                                 | Within One<br>Year    | After One<br>Year but<br>Within Three<br>Years | After Three<br>Years but<br>Within Five<br>Years | After Five<br>Years but<br>Within<br>Fifteen<br>Years | After<br>Fifteen<br>Years | Total               |
|---------------------------------|-----------------------|--|--|---|---------------------------|---------------------|
|                                 | <i>(in thousands)</i> |  |  |   |                           |                     |
| Real estate loans:              |                       |  |  |   |                           |                     |
| Commercial property             |                       |  |  |   |                           |                     |
| Retail                          | \$ 32,028             | \$ 35,821                                      | \$ 227,726                                       | \$ 152,754  | \$ 57,715                 | \$ 506,044          |
| Hospitality                     | 139,358               | 61,532   | 114,234  | 78,203  | 15,876                    | 409,203             |
| Office                          | 37,501                | 80,360   | 61,672   | 14,262  | 6,624                     | 200,419             |
| Other                           | 43,137                | 91,739   | 256,531  | 148,257   | 39,063                    | 578,727             |
| Total commercial property loans | 252,024               | 269,452  | 660,163  | 393,476   | 119,278                   | 1,694,393           |
| Construction                    | 36,009                | 39,014   | 1,942  | —   | —                         | 76,965              |
| Residential                     | 3,314                 | —  | 126  | 2,360   | 689,074                   | 694,874             |
| Total real estate loans         | 291,347               | 308,466  | 662,231  | 395,836   | 808,352                   | 2,466,232           |
| Commercial and industrial loans | 320,413               | 181,778  | 53,604   | 148,068   | —                         | 703,863             |
| <b>Loans receivable</b>         | <b>\$ 611,760</b>     | <b>\$ 490,244</b>                              | <b>\$ 715,835</b>                                | <b>\$ 543,904</b>                                     | <b>\$ 808,352</b>         | <b>\$ 3,170,095</b> |

#### Industry

As of June 30, 2024, the loan portfolio included the following concentrations of loans to one type of industry that were greater than 10.0% of loans receivable outstanding:

|                                    | Balance as of<br>June 30, 2024 | Percentage of<br>Loans Receivable<br>Outstanding |
|------------------------------------|--------------------------------|--|
|                                    | <i>(in thousands)</i>          |  |
| Lessor of nonresidential buildings | \$ 1,705,755                   | 27.6%  |
| Hospitality                        | 759,127                        | 12.3%  |



## Loan Quality Indicators

Loans 30 to 89 days past due and still accruing were \$13.8 million at June 30, 2024, compared with \$10.3 million at December 31, 2023, attributable to an increase of \$1.4 million in past due residential loans and an increase of \$2.6 million in equipment financing arrangements, offset by payoffs and other reductions.

At June 30, 2024 and December 31, 2023, there were no loans 90 days or more past due and still accruing interest.

Activity in criticized loans was as follows for the periods indicated:

|                                  | Special Mention |               | Classified |               |
|----------------------------------|-----------------|---------------|------------|---------------|
|                                  | (in thousands)  |               |            |               |
| Three months ended June 30, 2024 |                 |               |            |               |
| Balance at beginning of period   | \$              | 62,316        | \$         | 23,669        |
| Additions                        |                 | 1,969         |            | 13,993        |
| Reductions                       |                 | (27,363)      |            | (3,716)       |
| Ending balance                   | \$              | <u>36,922</u> | \$         | <u>33,946</u> |
| Three months ended June 30, 2023 |                 |               |            |               |
| Balance at beginning of period   | \$              | 64,340        | \$         | 47,287        |
| Additions                        |                 | 25,933        |            | 3,042         |
| Reductions                       |                 | (45,640)      |            | (11,489)      |
| Ending balance                   | \$              | <u>44,633</u> | \$         | <u>38,840</u> |
| Six months ended June 30, 2024   |                 |               |            |               |
| Balance at beginning of period   | \$              | 65,315        | \$         | 31,367        |
| Additions                        |                 | 2,522         |            | 16,571        |
| Reductions                       |                 | (30,915)      |            | (13,992)      |
| Ending balance                   | \$              | <u>36,922</u> | \$         | <u>33,946</u> |
| Six months ended June 30, 2023   |                 |               |            |               |
| Balance at beginning of period   | \$              | 79,013        | \$         | 46,192        |
| Additions                        |                 | 26,699        |            | 16,850        |
| Reductions                       |                 | (61,079)      |            | (24,202)      |
| Ending balance                   | \$              | <u>44,633</u> | \$         | <u>38,840</u> |

Special mention loans were \$36.9 million and \$65.3 million at June 30, 2024 and December 31, 2023, respectively. The \$28.4 million decrease included upgrades to pass loans of \$19.4 million, downgrades to classified loans of \$8.0 million, and paydowns and payoffs of \$3.7 million, offset by downgrades from pass loans of \$2.7 million. The upgrades to pass loans were primarily attributable to upgrades of two commercial and industrial loans totaling \$13.6 million and one commercial real estate loan of \$4.3 million during the second quarter.

Classified loans were \$33.9 million and \$31.4 million at June 30, 2024 and December 31, 2023, respectively. The \$2.5 million increase was primarily driven by new downgrades to classified of \$17.6 million, offset by payoffs of \$8.3 million, charge-offs of \$3.7 million, and paydowns and amortization of \$3.1 million.

## Nonperforming Assets

Nonperforming loans consist of nonaccrual loans and loans 90 days or more past due and still accruing interest. Nonperforming assets consist of nonperforming loans and OREO. Loans are placed on nonaccrual status when, in the opinion of management, the full timely collection of principal or interest is in doubt. Generally, the accrual of interest is discontinued when principal or interest payments become more than 90 days past due, unless we believe the loan is adequately collateralized and in the process of collection. However, in certain instances, we may place a particular loan on nonaccrual status earlier, depending upon the individual circumstances surrounding the loan's delinquency. When a loan is placed on nonaccrual status, previously accrued but unpaid interest is reversed against current income. Subsequent collections of cash are applied as principal reductions when received, except when the ultimate collectability of principal is probable, in which case interest payments are credited to income. Nonaccrual

loans may be restored to accrual status when principal and interest become current and full repayment is expected, which generally occurs after sustained payment of six months. Interest income is recognized on the accrual basis for loans not meeting the criteria for nonaccrual. OREO consists of properties acquired by foreclosure or similar means.

Except for nonaccrual loans, management is not aware of any other loans as of June 30, 2024 for which known credit problems of the borrower would cause serious doubts as to the ability of such borrowers to comply with their present loan repayment terms, or any known events that would result in a loan being designated as nonperforming at some future date.

Nonaccrual loans were \$19.2 million and \$15.5 million as of June 30, 2024 and December 31, 2023, respectively, representing an increase of \$3.7 million, or 23.7%. The increase in nonaccrual loans resulted from additions to nonperforming loans of \$10.6 million, offset by payoffs, paydowns, and upgrades of \$6.9 million. The additions to nonperforming loans consisted of equipment financing agreements of \$2.6 million and two SBA loans for \$0.7 million. As of June 30, 2024 and December 31, 2023, 1.61% and 1.25% of equipment financing agreements were on nonaccrual status, respectively. As of June 30, 2024 and December 31, 2023, all loans 90 days or more past due were classified as nonaccrual.

The \$19.2 million of nonperforming loans as of June 30, 2024 had individually evaluated allowances of \$6.8 million, compared to \$15.5 million of nonperforming loans with individually evaluated allowances of \$3.4 million as of December 31, 2023.

Nonperforming assets were \$20.0 million at June 30, 2024, or 0.26% of total assets, compared to \$15.6 million, or 0.21%, at December 31, 2023. Additionally, not included in nonperforming assets were repossessed personal property assets associated with equipment finance agreements of \$1.2 million and \$1.3 million at June 30, 2024 and December 31, 2023, respectively.

### Individually Evaluated Loans

The Company reviews loans on an individual basis when the loan does not share similar risk characteristics with loan pools. Individually evaluated loans are measured for expected credit losses based on the present value of expected cash flows discounted at the effective interest rate, the observable market price, or the fair value of collateral.

Individually evaluated loans were \$19.2 million and \$15.5 million as of June 30, 2024 and December 31, 2023, respectively, representing an increase of \$3.7 million, or 24.0%. Specific allowances associated with individually evaluated loans increased \$3.4 million to \$6.8 million as of June 30, 2024 compared with \$3.4 million as of December 31, 2023, mainly attributed to a \$1.9 million specific reserve allocation on a commercial and industrial loan in the health-care industry.

A borrower is experiencing financial difficulties when there is a probability that the borrower will be in payment default on any of its debt in the foreseeable future without the modification. The Company may modify loans to borrowers experiencing financial difficulties by providing principal forgiveness, a term extension, an other-than-insignificant payment delay, or an interest rate reduction.

The following table presents loan modifications made to borrowers experiencing financial difficulty by type of modification, with related amortized cost balances, respective percentage shares of the total class of loans, and the related financial effect, for the periods indicated:

|   | Amortized Cost<br>Basis<br>(in thousands) | Term Extension<br>% of Total Class of<br>Loans | Financial Effect                      |
|---|---|--|---------------------------------------|
| <b>Three and six months ended June 30, 2024</b> |   |  |                                       |
| Commercial and industrial loans                 | \$ 20,620                                 | 2.6 %  | 1 loan with term extension of 6 years |

The modified loan above was current at June 30, 2024.

No loans were modified to borrowers experiencing financial difficulty during the three and six months ended June 30, 2023.

### Allowance for Credit Losses and Allowance for Credit Losses Related to Off-Balance Sheet Items

The Company's estimate of the allowance for credit losses at June 30, 2024 and December 31, 2023 reflected losses expected over the remaining contractual life of assets based on historical, current, and forward-looking information. The contractual term does not consider extensions, renewals or modifications.

Management selected three loss methodologies for the collective allowance estimation. At June 30, 2024, the Company used the discounted cash flow ("DCF") method to estimate allowances for credit losses for the commercial and industrial loan portfolio, the Probability of Default/Loss Given Default ("PD/LGD") method for the commercial real estate, construction and residential real estate portfolios, and the Weighted Average Remaining Maturity ("WARM") method to estimate expected credit losses for equipment financing agreements. Loans that do not share similar risk characteristics are individually evaluated for allowances.

For all loans utilizing the DCF method, the Company determined that four quarters represented a reasonable and supportable forecast period and reverted to a historical loss rate over twelve quarters on a straight-line basis. For each of these loan segments, the Company applied an annualized historical PD/LGD using all available historical periods. Since reasonable and supportable forecasts of economic conditions are embedded directly into the DCF model, qualitative adjustments are considered but were minimal.

For each of the loan segments identified above, the Company applied an annualized historical PD/LGD using all available historical periods. The PD/LGD method incorporates a forecast of economic conditions into loss estimates using a qualitative adjustment.

For loan pools utilizing the PD/LGD method, the Company used historical periods that included an economic downturn to derive historical losses for better alignment in the estimation of expected losses under the PD/LGD method. The Company relied on Frye-Jacobs modeled LGD rates for loan segments with insufficient historical loss data. The Frye-Jacobs model provides a means of applying an LGD rate in the event that limited to no loss data is available. The PD/LGD method incorporates a forecast into loss estimates using a qualitative adjustment.

The Company used the WARM method to estimate expected credit losses for the equipment financing agreements portfolio. The Company applied an expected loss ratio based on internal historical losses adjusted as appropriate for qualitative factors.

As of June 30, 2024 and December 31, 2023, the Company relied on the economic projections from Moody's to inform its loss driver forecasts over the four-quarter forecast period. For all loan pools, the Company utilizes and forecasts the national unemployment rate as the primary loss driver.

To adjust the historical and forecast periods to current conditions, the Company applies various qualitative factors derived from market, industry or business specific data, changes in the underlying portfolio composition, trends relating to credit quality, delinquent and nonperforming loans and adversely-rated equipment financing agreements, and reasonable and supportable forecasts of economic conditions.

The following table reflects our allocation of the allowance for credit losses by loan category as well as the amount of loans in each loan category, including related percentages:

|                                 | June 30, 2024       |                                  |                     |                              | December 31, 2023   |                                     |                     |                              |
|---------------------------------|---------------------|----------------------------------|---------------------|------------------------------|---------------------|-------------------------------------|---------------------|------------------------------|
|                                 | Allowance<br>Amount | Percentage of<br>Total Allowance | Total Loans         | Percentage of<br>Total Loans | Allowance<br>Amount | Percentage of<br>Total<br>Allowance | Total Loans         | Percentage of<br>Total Loans |
| <i>(dollars in thousands)</i>   |                     |                                  |                     |                              |                     |                                     |                     |                              |
| Real estate loans:              |                     |                                  |                     |                              |                     |                                     |                     |                              |
| Commercial property             |                     |                                  |                     |                              |                     |                                     |                     |                              |
| Retail                          | \$ 10,126           | 15.0 %                           | \$ 1,094,728        | 17.7 %                       | \$ 10,264           | 14.8 %                              | \$ 1,107,360        | 17.9 %                       |
| Hospitality                     | 11,995              | 17.7                             | 754,600             | 12.2                         | 15,534              | 22.4                                | 740,519             | 12.0                         |
| Office                          | 3,712               | 5.5                              | 572,532             | 9.3                          | 3,024               | 4.4                                 | 574,981             | 9.3                          |
| Other                           | 7,889               | 11.6                             | 1,360,139           | 22.0                         | 8,663               | 12.4                                | 1,366,534           | 22.1                         |
| Total commercial property loans | 33,722              | 49.8                             | 3,781,999           | 61.2                         | 37,485              | 54.0                                | 3,789,394           | 61.3                         |
| Construction                    | 2,371               | 3.5                              | 106,506             | 1.7                          | 2,756               | 4.0                                 | 100,345             | 1.6                          |
| Residential                     | 6,060               | 8.9                              | 954,209             | 15.5                         | 5,258               | 7.5                                 | 962,661             | 15.6                         |
| Total real estate loans         | 42,153              | 62.2                             | 4,842,714           | 78.4                         | 45,499              | 65.5                                | 4,852,400           | 78.5                         |
| Commercial and industrial loans | 10,563              | 15.6                             | 802,372             | 13.0                         | 10,257              | 14.8                                | 747,819             | 12.1                         |
| Equipment financing agreements  | 15,013              | 22.2                             | 531,273             | 8.6                          | 13,706              | 19.7                                | 582,215             | 9.4                          |
| <b>Total</b>                    | <b>\$ 67,729</b>    | <b>100.0 %</b>                   | <b>\$ 6,176,359</b> | <b>100.0 %</b>               | <b>\$ 69,462</b>    | <b>100.0 %</b>                      | <b>\$ 6,182,434</b> | <b>100.0 %</b>               |

The following table sets forth certain ratios related to our allowance for credit losses at the dates presented:

|   | As of                  |                   |
|---|------------------------|-------------------|
|   | June 30, 2024          | December 31, 2023 |
|   | (dollars in thousands) |                   |
| <b>Ratios:</b>                                  |                        |                   |
| Allowance for credit losses to loans receivable | 1.10%                  | 1.12%             |
| Nonaccrual loans to loans                       | 0.31%                  | 0.25%             |
| Allowance for credit losses to nonaccrual loans | 351.93%                | 448.89%           |
| <b>Balance:</b>                                 |                        |                   |
| Nonaccrual loans at end of period               | \$ 19,245              | \$ 15,474         |
| Nonperforming loans at end of period            | \$ 19,245              | \$ 15,474         |

The allowance for credit losses was \$67.7 million and \$69.5 million at June 30, 2024 and December 31, 2023, respectively. The allowance attributed to individually evaluated loans was \$6.8 million and \$3.4 million as of June 30, 2024 and December 31, 2023, respectively. The allowance attributed to collectively evaluated loans was \$60.9 million and \$66.1 million as of June 30, 2024 and December 31, 2023, respectively, and considered the impact of changes in macroeconomic assumptions, normalized interest rate forecasts for the subsequent four quarters, and a net reduction in specific qualitative factors allocated to criticized hospitality loans impacted by the pandemic.

As of June 30, 2024 and December 31, 2023, the allowance for credit losses related to off-balance sheet items, primarily unfunded loan commitments, was \$2.0 million and \$2.5 million, respectively. The Bank closely monitors the borrower's repayment capabilities, while funding existing commitments to ensure losses are minimized. Based on management's evaluation and analysis of portfolio credit quality and prevailing economic conditions, we believe these allowances were adequate for current expected lifetime losses in the loan portfolio and off-balance sheet exposure as of June 30, 2024.

The following table presents a summary of gross charge-offs and recoveries for the loan portfolio:

|                                     | Three Months Ended June 30, |                   | Six Months Ended June 30, |                   |
|-------------------------------------|-----------------------------|-------------------|---------------------------|-------------------|
|                                     | 2024                        | 2023              | 2024                      | 2023              |
|                                     | (in thousands)              |                   |                           |                   |
| Gross charge-offs                   | \$ (2,338)                  | \$ (2,707)        | \$ (4,461)                | \$ (4,944)        |
| Gross recoveries                    | 548                         | 967               | 1,076                     | 1,750             |
| <b>Net (charge-offs) recoveries</b> | <b>\$ (1,790)</b>           | <b>\$ (1,740)</b> | <b>\$ (3,385)</b>         | <b>\$ (3,194)</b> |

For the three months ended June 30, 2024, gross charge-offs decreased \$0.4 million from the same period in 2023. Gross recoveries for the three months ended June 30, 2024 decreased \$0.4 million from the same period in 2023. Gross charge-offs for the three months ended June 30, 2024 and 2023 primarily consisted of equipment financing agreements charge-offs of \$2.2 million and \$2.6 million, respectively.

For the six months ended June 30, 2024, gross charge-offs decreased \$0.5 million from the same period in 2023. Gross recoveries for the six months ended June 30, 2024 decreased \$0.7 million from the same period in 2023. Gross charge-offs for the six months ended June 30, 2024 and 2023 primarily consisted of equipment financing agreements charge-offs of \$4.1 million and \$4.2 million, respectively.

The following table presents a summary of net (charge-offs) recoveries for the loan portfolio:

|                                 | Three Months Ended  |                              |  | Six Months Ended    |                              |  |
|---------------------------------|---------------------|------------------------------|--|---------------------|------------------------------|--|
|                                 | Average Loans       | Net (Charge-Offs) Recoveries | Net (Charge-Offs) Recoveries to Average Loans <sup>(1)</sup> | Average Loans       | Net (Charge-Offs) Recoveries | Net (Charge-Offs) Recoveries to Average Loans <sup>(1)</sup> |
| <i>(dollars in thousands)</i>   |                     |                              |  |                     |                              |  |
| <b>June 30, 2024</b>            |                     |                              |  |                     |                              |  |
| Commercial real estate loans    | \$ 3,853,792        | \$ —                         | —%   | \$ 3,864,615        | \$ —                         | —%   |
| Residential loans               | 959,072             | (29)                         | (0.01)   | 965,708             | 18                           | 0.00   |
| Commercial and industrial loans | 730,929             | 73                           | 0.04   | 723,967             | (24)                         | (0.01)   |
| Equipment financing agreements  | 545,647             | (1,834)                      | (1.34)   | 559,374             | (3,379)                      | (1.21)   |
| <b>Total</b>                    | <b>\$ 6,089,440</b> | <b>\$ (1,790)</b>            | <b>(0.12)%</b>   | <b>\$ 6,113,664</b> | <b>\$ (3,385)</b>            | <b>(0.11)%</b>   |
| <b>June 30, 2023</b>            |                     |                              |  |                     |                              |  |
| Commercial real estate loans    | \$ 3,760,307        | \$ 58                        | 0.01%  | \$ 3,780,292        | \$ (287)                     | (0.02)%  |
| Residential loans               | 853,704             | 4                            | 0.00   | 817,469             | 5                            | 0.00   |
| Commercial and industrial loans | 732,086             | 452                          | 0.25   | 746,381             | 479                          | 0.13   |
| Equipment financing agreements  | 594,974             | (2,254)                      | (1.52)   | 598,584             | (3,391)                      | (1.13)   |
| <b>Total</b>                    | <b>\$ 5,941,071</b> | <b>\$ (1,740)</b>            | <b>(0.12)%</b>   | <b>\$ 5,942,726</b> | <b>\$ (3,194)</b>            | <b>(0.11)%</b>   |

<sup>(1)</sup> Annualized

Net loan charge-offs were \$1.8 million, or 0.12% of average loans and \$1.7 million, or 0.12% of average loans for the three months ended June 30, 2024 and 2023, respectively. Net loan charge-offs were \$3.4 million, or 0.11% of average loans, and \$3.2 million, or 0.11% of average loans, for the six months ended June 30, 2024 and 2023, respectively.

## Deposits

The following table shows the composition of deposits by type as of the dates indicated:

|  | June 30, 2024       |               | December 31, 2023   |               |
|--|---------------------|---------------|---------------------|---------------|
|  | Balance             | Percent       | Balance             | Percent       |
| <i>(dollars in thousands)</i>                          |                     |               |                     |               |
| Demand – noninterest-bearing                           | \$ 1,959,963        | 31.0%         | \$ 2,003,596        | 31.9%         |
| Interest-bearing:                                      |                     |               |                     |               |
| Demand   | 82,981              | 1.3           | 87,452              | 1.4           |
| Money market and savings                               | 1,834,797           | 29.0          | 1,734,659           | 27.6          |
| Uninsured amount of time deposits more than \$250,000: |                     |               |                     |               |
| Three months or less                                   | 74,459              | 1.2           | 186,321             | 3.0           |
| Over three months through six months                   | 302,767             | 4.8           | 201,085             | 3.2           |
| Over six months through twelve months                  | 276,048             | 4.4           | 222,683             | 3.6           |
| Over twelve months                                     | 16,728              | 0.3           | 70,932              | 1.1           |
| All other insured time deposits                        | 1,781,597           | 28.0          | 1,773,846           | 28.2          |
| <b>Total deposits</b>                                  | <b>\$ 6,329,340</b> | <b>100.0%</b> | <b>\$ 6,280,574</b> | <b>100.0%</b> |

Total deposits were \$6.33 billion and \$6.28 billion as of June 30, 2024 and December 31, 2023, respectively, representing an increase of \$48.8 million, or 0.8%. The increase in deposits was primarily driven by a \$100.1 million increase in money market and savings deposits and a \$3.3 million increase in time deposits, partially offset by a \$43.6 million decline in noninterest-bearing demand deposits. The changes in deposit composition were primarily due to the increase in deposit rates. At June 30, 2024, the loan-to-deposit ratio was 97.6% compared to 98.4% at December 31, 2023.

As of June 30, 2024, the aggregate amount of uninsured deposits (deposits in amounts greater than \$250,000, which is the maximum amount for federal deposit insurance) was \$2.58 billion. The aggregate amount of uninsured time deposits was \$670.0 million. Other uninsured deposits, such as demand and money market and savings deposits were \$1.91 billion. In addition, \$1.16 billion of total uninsured deposits were in accounts with balances of \$5.0 million or more at June 30, 2024. As of December 31, 2023, the aggregate amount of uninsured deposits was \$2.52 billion. The aggregate amount of uninsured time deposits was \$681.0 million.

Other uninsured deposits, such as demand, money market and savings deposits were \$1.84 billion. In addition, \$1.09 billion of total uninsured deposits were in accounts with balances of \$5.0 million or more at December 31, 2023.

The Bank's wholesale funds historically consisted of FHLB advances, brokered deposits as well as State of California time deposits. As of June 30, 2024 and December 31, 2023, the Bank had \$292.5 million and \$325.0 million of FHLB advances, and \$28.2 million and \$58.3 million of brokered deposits, respectively, and \$120.0 million of State of California time deposits, as of June 30, 2024 and December 31, 2023.

#### Borrowings and Subordinated Debentures

Borrowings mostly take the form of FHLB advances. At June 30, 2024 and December 31, 2023, FHLB advances were \$292.5 million and \$325.0 million, respectively. FHLB open advances were \$180.0 million and \$212.5 million at June 30, 2024 and December 31, 2023, respectively. For the same periods, term advances were \$112.5 million and \$112.5 million, respectively. Funds from deposit growth not used to fund loan production were used to pay off borrowings.

The weighted-average interest rate of all FHLB advances at June 30, 2024 and December 31, 2023 was 4.98% and 4.69%, respectively.

The FHLB maximum amount outstanding at any month end during each of the year-to-date periods ended June 30, 2024 and December 31, 2023 was \$292.5 million and \$450.0 million, respectively.

The following is a summary of contractual maturities of FHLB advances greater than twelve months:

|   | June 30, 2024                 |                             | December 31, 2023      |                             |
|---|-------------------------------|-----------------------------|------------------------|-----------------------------|
|   | Outstanding<br>Balance        | Weighted<br>Average<br>Rate | Outstanding<br>Balance | Weighted<br>Average<br>Rate |
|   | <i>(dollars in thousands)</i> |                             |                        |                             |
| FHLB of San Francisco                         |                               |                             |                        |                             |
| Advances due over 12 months through 24 months | \$ 50,000                     | 4.25%                       | \$ 12,500              | 1.90%                       |
| Advances due over 24 months through 36 months | 12,500                        | 4.85                        | 62,500                 | 4.37                        |
| <b>Outstanding advances over 12 months</b>    | <b>\$ 62,500</b>              | <b>4.37%</b>                | <b>\$ 75,000</b>       | <b>3.96%</b>                |

Subordinated debentures were \$130.3 million and \$130.0 million as of June 30, 2024 and December 31, 2023, respectively. Subordinated debentures are comprised of fixed-to-floating subordinated notes of \$108.4 million and \$108.3 million as of June 30, 2024 and December 31, 2023, respectively, and junior subordinated deferrable interest debentures of \$21.9 million and \$21.7 million as of June 30, 2024 and December 31, 2023, respectively. See "Note 8 – Borrowings and Subordinated Debentures" to the consolidated financial statements for more details.

#### Stockholders' Equity

Stockholders' equity was \$707.1 million and \$701.9 million as of June 30, 2024 and December 31, 2023, respectively. Net income, net of \$15.3 million of dividends paid, added \$14.3 million to stockholders' equity for the period as did \$1.7 million of share-based compensation, which was partially offset by a \$4.3 million increase in unrealized after-tax losses on securities available for sale due to changes in interest rates, and a \$1.8 million increase in unrealized after-tax losses on cash flow hedges. In addition, the Company repurchased 270,000 shares of common stock during the period at an average share price of \$16.00 for a total cost of \$4.3 million. At June 30, 2024, 1,330,000 shares remain under the Company's share repurchase program.

#### Interest Rate Risk Management

The spread between interest income on interest-earning assets and interest expense on interest-bearing liabilities is the principal component of net interest income, and interest rate changes substantially affect our financial performance. We emphasize capital protection through stable earnings. In order to achieve stable earnings, we prudently manage our assets and liabilities and closely monitor the percentage changes in net interest income and equity value in relation to limits established within our guidelines.

The Company performs simulation modeling to estimate the potential effects of interest rate changes. The following table summarizes one of the stress simulations performed to forecast the impact of changing interest rates on net interest income and the value of interest-earning assets and interest-bearing liabilities reflected on our balance sheet (i.e., an instantaneous parallel shift in the yield curve of the magnitude indicated below) as of June 30, 2024. The Company compares this stress simulation to policy limits,

which specify the maximum tolerance level for net interest income exposure over a 1- to 12-month and a 13- to 24- month horizon, given the basis point adjustment in interest rates reflected below.

| Net Interest Income Simulation          |                        |                   |                               |                   |  |
|---|------------------------|-------------------|-------------------------------|-------------------|--|
| Change in Interest Rates (Basis Points) | 1- to 12-Month Horizon |                   | 13- to 24-Month Horizon       |                   |  |
|   | Dollar Change          | Percentage Change | Dollar Change                 | Percentage Change |  |
|   |                        |                   | <i>(dollars in thousands)</i> |                   |  |
| 300                                     | \$ (1,163)             | (0.51 %)          | \$ 10,152                     | 3.74 %            |  |
| 200                                     | \$ (1,231)             | (0.54 %)          | \$ 5,522                      | 2.03 %            |  |
| 100                                     | \$ (27)                | (0.01 %)          | \$ 4,010                      | 1.48 %            |  |
| -100                                    | \$ (1,190)             | (0.52 %)          | \$ (7,130)                    | (2.63 %)          |  |
| -200                                    | \$ (3,849)             | (1.68 %)          | \$ (17,876)                   | (6.59 %)          |  |
| -300                                    | \$ (6,800)             | (2.97 %)          | \$ (30,830)                   | (11.36 %)         |  |

| Economic Value of Equity (EVE)          |               |                   |                               |
|---|---------------|-------------------|-------------------------------|
| Change in Interest Rates (Basis Points) | Dollar Change | Percentage Change |                               |
|   |               |                   | <i>(dollars in thousands)</i> |
| 300                                     | \$ (16,030)   | (2.27 %)          |                               |
| 200                                     | \$ (7,758)    | (1.10 %)          |                               |
| 100                                     | \$ 2,812      | 0.40 %            |                               |
| -100                                    | \$ (19,226)   | (2.73 %)          |                               |
| -200                                    | \$ (57,958)   | (8.21 %)          |                               |
| -300                                    | \$ (113,030)  | (16.02 %)         |                               |

The estimated sensitivity does not necessarily represent our forecast, and the results may not be indicative of actual changes to our net interest income. These estimates are based upon a number of assumptions, including the timing and magnitude of interest rate changes, prepayments on loans receivable and securities, pricing strategies on loans receivable and deposits, and replacement of asset and liability cash flows.

The key assumptions, based upon loans receivable, securities and deposits, are as follows:

|                                     |      |
|-------------------------------------|------|
| Conditional prepayment rates*:      |      |
| Loans receivable                    | 12 % |
| Securities                          | 6 %  |
| Deposit rate betas*:                |      |
| NOW, savings, money market demand   | 48 % |
| Time deposits, retail and wholesale | 75 % |

\* Balance-weighted average

While the assumptions used are based on current economic and local market conditions, there is no assurance as to the predictive nature of these conditions, including how customer preferences or competitor influences might change.

## Capital Resources and Liquidity

### Capital Resources

Historically, our primary source of capital has been the retention of operating earnings. In order to ensure adequate capital levels, the Board regularly assesses projected sources and uses of capital, expected loan growth, anticipated strategic actions (such as stock repurchases and dividends), and projected capital thresholds under adverse and severely adverse economic conditions. In addition, the Board considers the Company's access to capital from financial markets through the issuance of additional debt and securities, including common stock or notes, to meet its capital needs.

The Company's ability to pay dividends to stockholders depends in part upon dividends it receives from the Bank. California law restricts the amount available for cash dividends to the lesser of a bank's retained earnings or net income for its last three fiscal years (less any distributions to stockholders made during such period). Where the above test is not met, cash dividends may still be paid, with the prior approval of the Department of Financial Protection and Innovation ("DFPI"), in an amount not exceeding the

greater of: (1) retained earnings of the Bank; (2) net income of the Bank for its last fiscal year; or (3) the net income of the Bank for its current fiscal year. The Company paid dividends of \$15.3 million (\$0.50 per share) for the six months ended June 30, 2024 and \$30.5 million (\$1.00 per share) for the year 2023. As of July 1, 2024, the Bank has the ability to pay dividends of approximately \$147.5 million, after giving effect to the \$0.25 dividend declared on July 25, 2024, for the third quarter of 2024, without the prior approval of the Commissioner of the DFPI.

At June 30, 2024, the Bank's total risk-based capital ratio of 14.51%, Tier 1 risk-based capital ratio of 13.47%, common equity Tier 1 capital ratio of 13.47% and Tier 1 leverage capital ratio of 11.41% placed the Bank in the "well capitalized" category pursuant to capital rules, which is defined as institutions with total risk-based capital ratio equal to or greater than 10.00%, Tier 1 risk-based capital ratio equal to or greater than 8.00%, common equity Tier 1 capital ratios equal to or greater than 6.50%, and Tier 1 leverage capital ratio equal to or greater than 5.00%.

At June 30, 2024, the Company's total risk-based capital ratio was 15.24%, Tier 1 risk-based capital ratio was 12.46%, common equity Tier 1 capital ratio was 12.11% and Tier 1 leverage capital ratio was 10.51%.

For a discussion of implemented changes to the capital adequacy framework prompted by Basel III and the Dodd- Frank Wall Street Reform and Consumer Protection Act, see our 2023 Annual Report on Form 10-K.

### ***Liquidity***

For a discussion of liquidity for the Company, see Note 14 - Liquidity included in the notes to unaudited consolidated financial statements in this Report and Note 22 – Liquidity in our 2023 Annual Report on Form 10-K.

### **Off-Balance Sheet Arrangements**

For a discussion of off-balance sheet arrangements, see Note 12 - Off-Balance Sheet Commitments included in the notes to unaudited consolidated financial statements in this Report and "Item 1. Business - Off-Balance Sheet Commitments" in our 2023 Annual Report on Form 10-K.

### **Contractual Obligations**

There have been no material changes to the contractual obligations described in our 2023 Annual Report on Form 10-K.



### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

For quantitative and qualitative disclosures regarding market risks, see "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Interest Rate Risk Management" in this Report.

### **Item 4. Controls and Procedures**

#### **Evaluation of Disclosure Controls and Procedures**

#### ***Evaluation of Disclosure Controls and Procedures***

Management is responsible for the disclosure controls and procedures of the Corporation. Disclosure controls and procedures are controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods required by the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. As of the end of the period covered by this report, an evaluation was performed under the supervision and with the participation of the Corporation's management, including the Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer), of the effectiveness of the design and operation of the Corporation's disclosure controls and procedures. Based on that evaluation, the Corporation's Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective as of June 30, 2024.

#### ***Changes in Internal Control over Financial Reporting***

There were no changes in the Corporation's internal control over financial reporting (as defined in Rule 13a-15(f)) during the quarter ended June 30, 2024 that materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

## Part II — Other Information

### Item 1. Legal Proceedings

From time to time, Hanmi Financial and its subsidiaries are parties to litigation that arises in the ordinary course of business, such as claims to enforce liens, claims involving the origination and servicing of loans, and other issues related to the business of Hanmi Financial and its subsidiaries. In the opinion of management, the resolution of any such issues would not have a material adverse impact on the financial condition, results of operations, or liquidity of Hanmi Financial or its subsidiaries.

### Item 1A. Risk Factors

There have been no material changes in risk factors applicable to the Corporation from those described in "Risk Factors" in Part I, Item 1A of the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

### Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities

On April 25, 2024, the Company announced that the Board of Directors has adopted a new stock repurchase program under which the Company may repurchase up to 5% of its outstanding shares, or approximately 1.5 million shares of its common stock. As of June 30, 2024, 1,330,000 shares remained available for future purchases under that stock repurchase program. The program has no scheduled expiration date and the Board of Directors has the right to suspend or discontinue the program at any time.

The following table represents information with respect to repurchases of common stock made by the Company during the three months ended June 30, 2024:

| <b>Purchase Date:</b>          | <b>Average Price<br/>Paid Per Share</b> | <b>Total Number of Shares<br/>Purchased as Part of<br/>Publicly Announced<br/>Program</b> | <b>Maximum Shares That May<br/>Yet Be Purchased Under<br/>the Program</b> |
|--------------------------------|---|---|---|
| April 1, 2024 - April 30, 2024 | \$ 15.77                                | 20,000  | 1,480,000   |
| May 1, 2024 - May 31, 2024     | \$ 16.09                                | 150,000   | 1,330,000   |
| June 1, 2024 - June 30, 2024   | —                                       | —   | 1,330,000   |
| <b>Total</b>                   | <b>\$ 16.05</b>                         | <b>170,000</b>  | <b>1,330,000</b>  |

The Company acquired 1,874 shares from employees in connection with the satisfaction of employee tax withholding obligations incurred through the vesting of Company stock awards for the three months ended June 30, 2024. Shares withheld to cover income taxes upon the vesting of stock awards are repurchased pursuant to the terms of the applicable plan and not under the Company's repurchase program.

### Item 3. Defaults Upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

#### **Securities Trading Plans of Directors and Executive Officers**

During the three months ended June 30, 2024, none of our directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Hanmi securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

**Item 6. Exhibits**

| <b>Exhibit<br/>Number</b> | <b>Document</b>  |
|---------------------------|--|
| 31.1                      | <a href="#"><u>Certification of Principal Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a> |
| 31.2                      | <a href="#"><u>Certification of Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a> |
| 32.1                      | <a href="#"><u>Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>  |
| 32.2                      | <a href="#"><u>Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>  |
| 101.INS                   | Inline XBRL Instance Document *  |
| 101.SCH                   | Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents *   |
| 104                       | The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, formatted in Inline XBRL  |

\* Attached as Exhibit 101 to this report are documents formatted in Inline XBRL (Extensible Business Reporting Language).

### Signatures

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 thereunto duly authorized.

#### Hanmi Financial Corporation

Date: August 6, 2024

By: */s/ Bonita I. Lee*  
Bonita I. Lee  
*President and Chief Executive Officer (Principal Executive Officer)*

Date: August 6, 2024

By: */s/ Romolo C. Santarosa*  
Romolo C. Santarosa  
*Senior Executive Vice President and Chief Financial Officer*  
*(Principal Financial Officer)*

**Certification of Principal Executive Officer  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Bonita I. Lee, President and Chief Executive Officer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hanmi Financial Corporation;

2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and

(d) disclosed in this Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the Audit Committee of the Registrant's Board of Directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: August 6, 2024

*/s/ Bonita I. Lee*  
Bonita I. Lee  
President and Chief Executive Officer  
(Principal Executive Officer)

**Certification of Principal Financial Officer  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Romolo C. Santarosa, Senior Executive Vice President and Chief Financial Officer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hanmi Financial Corporation;

2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and

(d) disclosed in this Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the Audit Committee of the Registrant's Board of Directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: August 6, 2024

*/s/ Romolo C. Santarosa*  
Romolo C. Santarosa  
Senior Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

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**Certification Pursuant To 18 U.S.C. Section 1350, As Adopted Pursuant To  
Section 906 of The Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Hanmi Financial Corporation (the "Company") on Form 10-Q for the period ended June 30, 2024, as filed with the Securities and Exchange Commission (the "SEC") on the date hereof (the "Report"), I, Bonita I. Lee, President and Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge that:

- (1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the period presented.

Date: August 6, 2024

*/s/ Bonita I. Lee*  
Bonita I. Lee  
President and Chief Executive Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure statement. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

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**Certification Pursuant To 18 U.S.C. Section 1350, As Adopted Pursuant To  
Section 906 of The Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Hanmi Financial Corporation (the "Company") on Form 10-Q for the period ended June 30, 2024, as filed with the Securities and Exchange Commission (the "SEC") on the date hereof (the "Report"), I, Romolo C. Santarosa, Senior Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge that:

- (1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented.

Date: August 6, 2024

*/s/ Romolo C. Santarosa*

Romolo C. Santarosa

*Senior Executive Vice President and Chief Financial Officer*

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure statement. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

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