

HANMI FINANCIAL CORP

Form 10-Q

May 11, 2009

Table of Contents

**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 March 31, 2009

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**
For the Transition Period From _____ To _____

**Commission File Number: 000-30421
HANMI FINANCIAL CORPORATION**

(Exact Name of Registrant as Specified in its Charter)

Delaware

95-4788120

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

(I.R.S. Employer Identification No.)

**3660 Wilshire Boulevard, Penthouse Suite A
Los Angeles, California**

90010

(Address of Principal Executive Offices)

(Zip Code)

(213) 382-2200

(Registrant's Telephone Number, Including Area Code)

Not Applicable

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

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

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

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Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes No

As of May 5, 2009, there were 45,940,967 outstanding shares of the Registrant's Common Stock.

HANMI FINANCIAL CORPORATION AND SUBSIDIARIES
QUARTERLY REPORT ON FORM 10-Q
THREE MONTHS ENDED MARCH 31, 2009
TABLE OF CONTENTS

	<u>Page</u>
<u>PART I FINANCIAL INFORMATION</u>	
<u>ITEM 1.</u>	
<u>FINANCIAL STATEMENTS</u>	
<u>Consolidated Balance Sheets (Unaudited)</u>	1
<u>Consolidated Statements of Operations (Unaudited)</u>	2
<u>Consolidated Statements of Changes in Stockholders' Equity and Comprehensive</u>	
<u>Income (Loss) (Unaudited)</u>	3
<u>Consolidated Statements of Cash Flows (Unaudited)</u>	4
<u>Notes to Consolidated Financial Statements (Unaudited)</u>	5
<u>ITEM 2.</u>	
<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION</u>	
<u>AND RESULTS OF OPERATIONS</u>	19
<u>ITEM 3.</u>	
<u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	42
<u>ITEM 4.</u>	
<u>CONTROLS AND PROCEDURES</u>	43
<u>PART II OTHER INFORMATION</u>	
<u>ITEM 1.</u>	
<u>LEGAL PROCEEDINGS</u>	43
<u>ITEM 1A.</u>	
<u>RISK FACTORS</u>	43
<u>ITEM 2.</u>	
<u>UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u>	43
<u>ITEM 3.</u>	
<u>DEFAULTS UPON SENIOR SECURITIES</u>	43
<u>ITEM 4.</u>	
<u>SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS</u>	43
<u>ITEM 5.</u>	
<u>OTHER INFORMATION</u>	43
<u>ITEM 6.</u>	
<u>EXHIBITS</u>	44
<u>SIGNATURES</u>	46
<u>EX-31.1</u>	
<u>EX-31.2</u>	
<u>EX-32.1</u>	
<u>EX-32.2</u>	

Table of Contents**PART I FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****HANMI FINANCIAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS (UNAUDITED)***(Dollars in Thousands, Except Share Data)*

	March 31, 2009	December 31, 2008
ASSETS		
Cash and Due From Banks	\$ 230,950	\$ 85,188
Federal Funds Sold and Securities Purchased Under Agreements to Resell	90,000	130,000
Cash and Cash Equivalents	320,950	215,188
Securities Held to Maturity, at Amortized Cost (Fair Value of \$895 and \$910 as of March 31, 2009 and December 31, 2008, Respectively)	894	910
Securities Available for Sale, at Fair Value	163,518	196,966
Loans Receivable, Net of Allowance for Loan Losses of \$83,943 and \$70,986 as of March 31, 2009 and December 31, 2008, Respectively	3,200,187	3,253,715
Loans Held for Sale, at the Lower of Cost or Fair Value	34,252	37,410
Customers Liability on Acceptances	2,176	4,295
Premises and Equipment, Net	20,269	20,279
Accrued Interest Receivable	11,702	12,347
Other Real Estate Owned	1,206	823
Servicing Assets	3,630	3,791
Other Intangible Assets	4,521	4,950
Federal Home Loan Bank Stock, at Cost	30,697	30,697
Federal Reserve Bank Stock, at Cost	10,228	10,228
Bank-Owned Life Insurance	25,710	25,476
Other Assets	62,955	58,741
TOTAL ASSETS	\$ 3,892,895	\$ 3,875,816

LIABILITIES AND STOCKHOLDERS EQUITY**LIABILITIES:**

Deposits:

Noninterest-Bearing	\$ 542,521	\$ 536,944
Interest-Bearing:		
Savings	82,824	81,869
Money Market Checking and NOW Accounts	308,383	370,401
Time Deposits of \$100,000 or More	1,218,826	849,800
Other Time Deposits	1,043,555	1,231,066

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Total Deposits	3,196,109	3,070,080
Accrued Interest Payable	27,234	18,539
Acceptances Outstanding	2,176	4,295
Federal Home Loan Bank Advances and Other Borrowings	312,836	422,983
Junior Subordinated Debentures	82,406	82,406
Other Liabilities	11,891	13,598
Total Liabilities	3,632,652	3,611,901

COMMITMENTS AND CONTINGENCIES

STOCKHOLDERS EQUITY:

Common Stock, \$0.001 Par Value; Authorized 200,000,000 Shares; Issued 50,573,467 Shares (45,940,967 Shares Outstanding) and 50,538,049 Shares (45,905,549 Shares Outstanding) as of March 31, 2009 and December 31, 2008, Respectively	51	51
Additional Paid-In Capital	349,522	349,304
Unearned Compensation	(148)	(218)
Accumulated Other Comprehensive Income Unrealized Gain on Securities Available for Sale, Interest-Only Strips and Interest Rate Swaps, Net of Income Taxes of \$1,332 and \$473 as of March 31, 2009 and December 31, 2008, Respectively	1,780	544
Retained Deficit	(20,950)	(15,754)
Less Treasury Stock, at Cost; 4,632,500 Shares as of March 31, 2009 and December 31, 2008	(70,012)	(70,012)
Total Stockholders Equity	260,243	263,915

TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$ 3,892,895	\$ 3,875,816
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See Accompanying Notes to Consolidated Financial Statements (Unaudited).

Table of Contents

HANMI FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(Dollars in Thousands, Except Per Share Data)

	Three Months Ended	
	March 31,	
	2009	2008
INTEREST AND DIVIDEND INCOME:		
Interest and Fees on Loans	\$ 45,085	\$ 60,598
Taxable Interest on Investments	1,352	3,116
Tax-Exempt Interest on Investments	643	759
Dividends on Federal Home Loan Bank and Federal Reserve Bank Stock	153	414
Interest on Federal Funds Sold and Securities Purchased Under Agreements to Resell	82	83
Interest on Term Federal Funds Sold	700	
Total Interest and Dividend Income	48,015	64,970
INTEREST EXPENSE:		
Interest on Deposits	22,785	24,847
Interest on Federal Home Loan Bank Advances and Other Borrowings	1,112	4,477
Interest on Junior Subordinated Debentures	988	1,449
Total Interest Expense	24,885	30,773
NET INTEREST INCOME BEFORE PROVISION FOR CREDIT LOSSES	23,130	34,197
Provision for Credit Losses	24,953	17,821
NET INTEREST INCOME (LOSS) AFTER PROVISION FOR CREDIT LOSSES	(1,823)	16,376
NON-INTEREST INCOME:		
Service Charges on Deposit Accounts	4,315	4,717
Insurance Commissions	1,182	1,315
Remittance Fees	523	505
Trade Finance Fees	506	865
Other Service Charges and Fees	483	716
Bank-Owned Life Insurance Income	234	240
Gain on Sales of Securities Available for Sale	1,167	618
Gain on Sales of Loans	2	213
Other-Than-Temporary Impairment Loss on Securities	(98)	
Other Income	66	576

Total Non-Interest Income	8,380	9,765
NON-INTEREST EXPENSE:		
Salaries and Employee Benefits	7,503	11,280
Occupancy and Equipment	2,884	2,782
Data Processing	1,536	1,534
Deposit Insurance Premiums and Regulatory Assessments	1,490	560
Professional Fees	616	985
Supplies and Communication	570	704
Advertising and Promotion	569	812
Amortization of Other Intangible Assets	429	524
Other Operating Expenses	2,655	2,407
Total Non-Interest Expense	18,252	21,588
INCOME (LOSS) BEFORE PROVISION (BENEFIT) FOR INCOME TAXES	(11,695)	4,553
Provision (Benefit) for Income Taxes	(6,499)	1,632
NET INCOME (LOSS)	\$ (5,196)	\$ 2,921
EARNINGS (LOSS) PER SHARE:		
Basic	\$ (0.11)	\$ 0.06
Diluted	\$ (0.11)	\$ 0.06
WEIGHTED-AVERAGE SHARES OUTSTANDING:		
Basic	45,891,043	45,842,376
Diluted	45,891,043	45,918,143
DIVIDENDS DECLARED PER SHARE	\$	\$ 0.06
See Accompanying Notes to Consolidated Financial Statements (Unaudited).		

Table of Contents

HANMI FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY AND
COMPREHENSIVE INCOME (LOSS)(UNAUDITED)

(Dollars in Thousands)

	Common Stock Issued	Treasury Stock	Number of Shares Outstanding	Additional Common Stock Capital	Paid-in Capital	Unearned Compensation	Other Comprehensive Income	Retained Earnings (Deficit)	Treasury Stock, at Cost	Total Stockholders Equity
BALANCE AS OF JANUARY 1, 2008	50,493,441	(4,632,500)	45,860,941	\$ 50	\$ 348,073	\$ (245)	\$ 275	\$ 92,415	\$ (70,012)	\$ 370,556
Cumulative-Effect Adjustment from the Adoption of EITF Issue No. 06-4								(2,223)		(2,223)
Shares Issued for Business Acquisitions	39,608		39,608	1	292					293
Repurchase of Stock Options					(70)					(70)
Share-Based Compensation Expense					271	16				287
Restricted Stock Awards	5,000		5,000		41	(41)				
Cash Dividends								(2,753)		(2,753)
Comprehensive Income: Net Income								2,921		2,921
Change in Unrealized Loss on Securities Available for Sale, Interest-Only Strips and Interest Rate Swaps, Net of Income Taxes							1,353			1,353
Total Comprehensive Income										4,274

BALANCE AS OF MARCH 31, 2008	50,538,049	(4,632,500)	45,905,549	\$ 51	\$ 348,607	\$ (270)	\$ 1,628	\$ 90,360	\$ (70,012)	\$ 370,364
BALANCE AS OF JANUARY 1, 2009	50,538,049	(4,632,500)	45,905,549	\$ 51	\$ 349,304	\$ (218)	\$ 544	\$ (15,754)	\$ (70,012)	\$ 263,915
Shares Issued for Business Acquisitions	39,418		39,418		46					46
Share-Based Compensation Expense					236	6				242
Forfeiture of Restricted Stock Award	(4,000)		(4,000)		(64)	64				
Comprehensive Loss: Net Loss								(5,196)		(5,196)
Change in Unrealized Loss on Securities Available for Sale, Interest-Only Strips and Interest Rate Swaps, Net of Income Taxes								1,236		1,236
Total Comprehensive Loss										(3,960)
BALANCE AS OF MARCH 31, 2009	50,573,467	(4,632,500)	45,940,967	\$ 51	\$ 349,522	\$ (148)	\$ 1,780	\$ (20,950)	\$ (70,012)	\$ 260,243

See Accompanying Notes to Consolidated Financial Statements (Unaudited).

Table of Contents

HANMI FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(In Thousands)

	Three Months Ended	
	March 31,	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	\$ (5,196)	\$ 2,921
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided By Operating Activities:		
Depreciation and Amortization of Premises and Equipment	669	749
Amortization of Premiums and Accretion of Discounts on Investments, Net	(1,101)	(353)
Amortization of Other Intangible Assets	429	524
Amortization of Servicing Assets	235	413
Share-Based Compensation Expense	242	287
Provision for Credit Losses	24,953	17,821
Federal Home Loan Bank Stock Dividends		(239)
Gain on Sales of Securities Available for Sale	(1,167)	(618)
Other-Than-Temporary Impairment Loss on Securities	98	
Gain on Sales of Loans	(2)	(213)
Loss on Sales of Other Real Estate Owned		132
Provision for Valuation Allowance on Other Real Estate Owned	126	
Origination of Loans Held for Sale	(201)	(8,356)
Proceeds from Sales of Loans Held for Sale	3,361	6,351
Decrease in Accrued Interest Receivable	645	1,994