Hope Bancorp

Keefe, Bruyette & Woods
2020 Winter Financial Services Symposium

Boca Raton, Florida

February 13-14, 2020

Forward Looking Statements & Additional Disclosures

This presentation may contain statements regarding future events or the future financial performance of the Company that constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements relate to, among other things, expectations regarding the business environment in which we operate, projections of future performance and perceived opportunities in the market. Forward-looking statements include, but are not limited to, statements preceded by, followed by or that include the words "will," "believes," "expects," "anticipates," "intends," "plans," "estimates," "projects," "forecasts" or similar expressions. With respect to any such forward-looking statements, the Company claims the protection provided for in the Private Securities Litigation Reform Act of 1995. These statements involve risks and uncertainties. The Company's actual results, performance or achievements may differ significantly from the results, performance or achievements expressed or implied in any forward-looking statements. The risks and uncertainties include, but are not limited to: possible deterioration in economic conditions in our areas of operation; interest rate risk associated with volatile interest rates and related asset-liability matching risk; liquidity risks; risk of significant non-earning assets, and net credit losses that could occur, particularly in times of weak economic conditions or times of rising interest rates; the failure of or changes to assumptions and estimates underlying the Company's allowances for loan losses, including the timing and effects of the implementation of the current expected credit losses model; and regulatory risks associated with current and future regulations. For additional information concerning these and other risk factors, see the Company's most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q. The Company does not undertake, and specifically disclaims any obligation, to update any forward-looking statements to reflect the occurrence of events or circumstances after the date of such statements except as required by law.

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Company Overview

Bank of Hope's Roots

40 Years of Service Beginning in Los Angeles



Company Profile Today

- **Only super regional Korean-American bank in the nation**
  - 3rd largest Asian-American bank in the U.S.[1]
  - 6th largest bank headquartered in Los Angeles[1]
  - 89th largest financial institution in the U.S.[2]
  - 17th largest SBA lender in the country by volume[3]
  - Only Korean-American bank with presence in Korea
  - Only Korean-American bank (formerly known as BBCN Bank) ever to be listed on Forbes' list of "**Best Banks in America**"

    2013 ◆ 2014 ◆ 2015 ◆ 2016 ◆ 2017 ◆ 2018 ◆ 2019 ◆ 2020
- **Leading national presence with full-service branch operations in 8 states**

  (strategically located in high density Asian-American communities)
  - Presence in 3 additional states with specialized Loan Production Offices
- **Seasoned and experienced management and board**

Hope Bancorp, Inc. *(Holding Company of Bank of Hope as of 12/31/2019)*	
Total Assets	**$15.7 billion**
Loans Receivable	**$12.3 billion**
Total Deposits	**$12.5 billion**

Bank of Hope

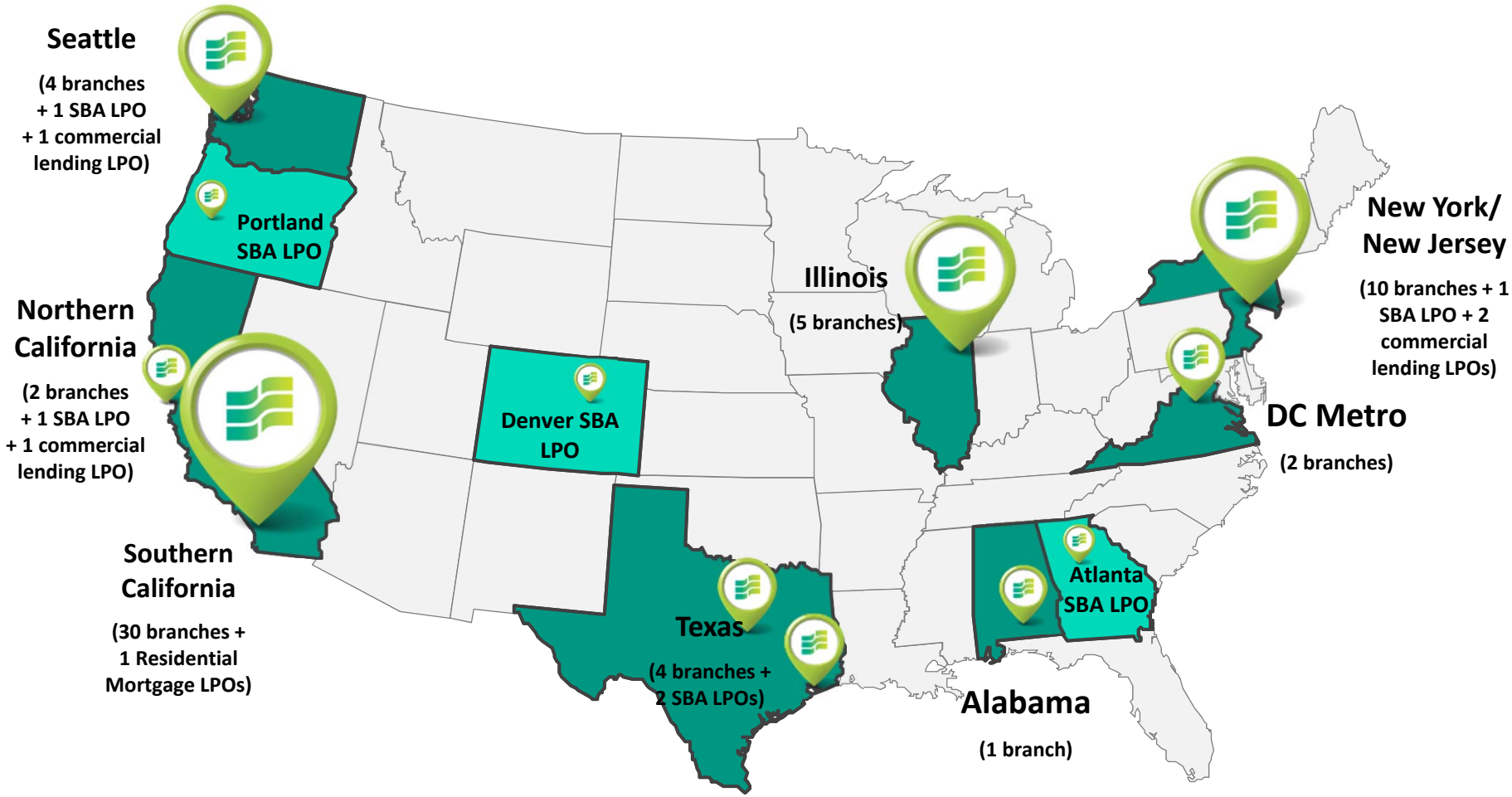
Bankers. Experts. Neighbors.

"We are committed to improving the value of our services as ***BANKERS***, providing comprehensive financial solutions as ***EXPERTS***, and being good ***NEIGHBORS*** that foster growth for our customers and communities."

1 Source: S&P Global (formerly SNL)
2 Source: Federal Reserve Statistical Release as of March 31, 2019; Insured U.S.-chartered commercial banks ranked by consolidated assets
3 Source: SBA national lender rankings as of September 30, 2019

National Geographic Presence

Nationwide footprint with meaningful presence, providing full banking services to the largest Asian-American communities in the U.S.



Corporate Social Responsibility Highlights



1 OUT OF 2

1 out of 2 Bank of Hope branches located in low-to-moderate income areas



1200 HOURS

Nearly 1200 hours of CRA-reportable volunteer hours



$3.01 BILLION

$3.01 billion of loans funded in 2018



$500 MILLION

$500 million of CRA-reportable small business lending in 2018



$10 MILLION

$10 million of donations and sponsorships over last 10 years



$2.0 MILLION

$2.0 million of contributions to the Hope Scholarship Foundation since 2001

In addition to financing economic growth, we believe our responsibilities include helping the communities in which we live and work to grow and flourish through volunteerism and philanthropy.

Hope Bancorp

Executive Leadership

Leadership

We are proud to have one of the strongest leadership teams among Asian-American banks.





Kevin S. Kim
Chairman, President & Chief Executive Officer

Risk Management











Peter Koh
EVP, Chief Credit Officer

Richard Marshall
EVP, Credit Administration

Thomas Stenger
EVP, Chief Risk Officer

Lisa K. Pai
EVP, General Counsel

David Song
EVP, Credit Administration

Operations Oversight









Daniel H. Kim
EVP, Chief Strategy & Administrative Officer

Young K. Lee
EVP, Chief Human Resource Officer

David P. Malone
Senior EVP & Chief Operating Officer

Alex Ko
EVP, Chief Financial Officer

Hung Van
EVP, Chief Information Officer

Business Leadership









David W. Kim
EVP, Midwest Regional President

Kenneth Logan
EVP, Head of Residential Finance

Kyu S. Kim
Senior EVP, Eastern Regional President

Jason Kim
EVP, Western Regional President

Hope Bancorp



Financial Highlights & Earnings Performance

Q4 2019 Financial Highlights

Earnings & Profitability	✓ Net income of $43.0 million, or $0.34 per diluted common share ✓ Net interest margin compression of 9bps Q-o-Q in line with management guidance of 5-7bps initial impact from each 25bps reduction in Fed Funds Rate ✓ Noninterest expense well contained and representing a stable 1.85% of average assets
Loan Production	✓ Record new loan originations funded of $848 million reflects well-balanced mix of loans ✓ CRE loans accounted for 61% of new loan production; C&I 31%; and residential mortgage 8% ✓ Average rate on new loans declined to 4.37%, reflecting the impact of two 25bps decreases in Fed Funds Rate in September and October 2019
Deposits	✓ Total deposits increased 2% Q-o-Q and continued the trend of favorable mix shift to lower-cost deposits ✓ Increases in noninterest bearing demand deposits, savings and MMAs, offset by decreases in higher-cost time deposits ✓ Cost of deposits decreased 13bps Q-o-Q and represents the first decrease since 4Q16 ✓ CD repricing gap continues to trend positive with time deposit renewals lower than maturing rate
Asset Quality	✓ Overall asset quality remains healthy ✓ Total criticized loans down 2% Q-o-Q to lowest level since MOE ✓ Nonperforming loans increased by $20.7 million vs. 3Q19 reflecting the inflow of $10 million construction loan that was not extended and temporary delays in renewals ✓ Credit losses remain minimal with net charge offs of $738,000, or 2bps of average loans annualized

Net Income
$43.0MM

Diluted EPS
$0.34

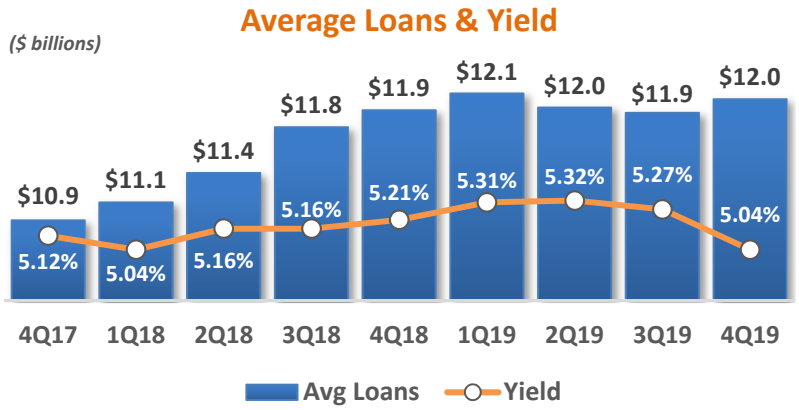
Gross Loans
$12.3B

Deposits
$12.5B

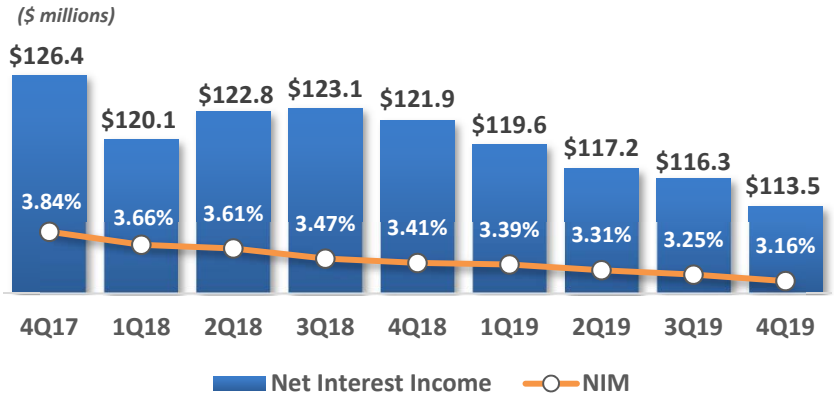
Net Interest Income and Margin

Key Net Interest Income Drivers

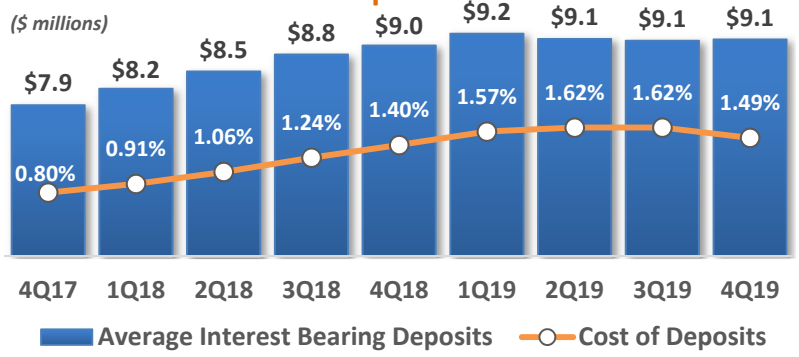
Average Loans & Yield



Net Interest Income & NIM

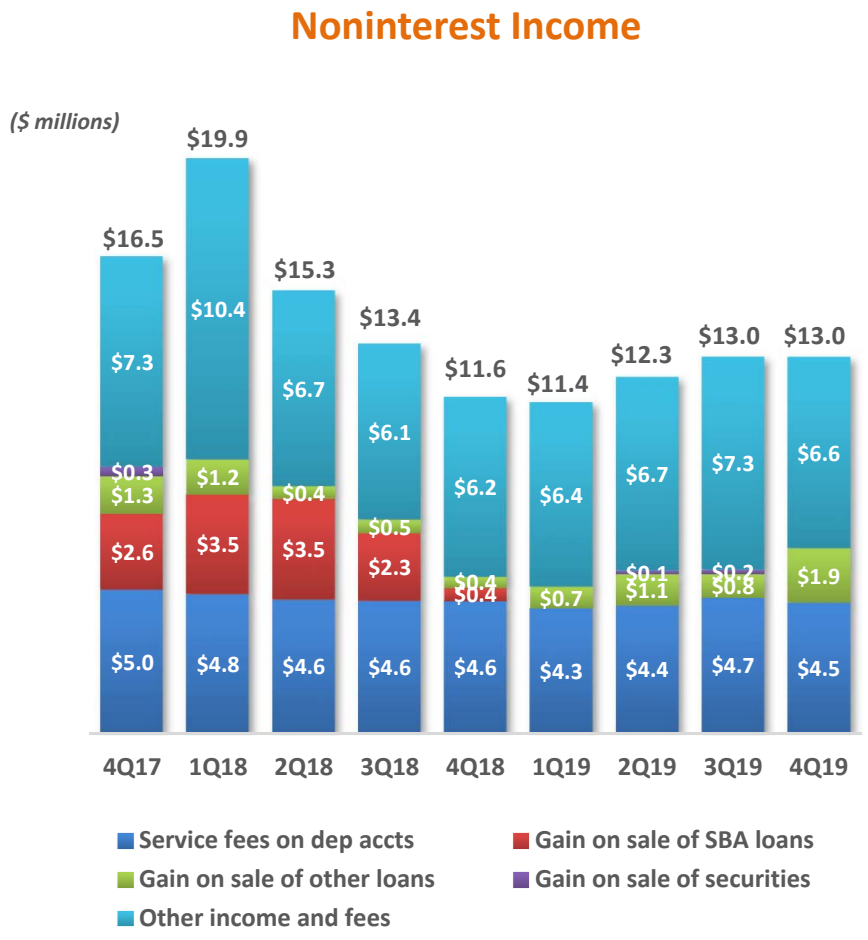


Average Interest Bearing Deposits & Cost of Deposits



- 4Q19 NII decreased modestly Q-o-Q reflecting the impact of the interest rate cuts in September and October 2019
- Net interest margin compression of 9bps in line with management guidance of 5-7bps impact for each 25bps decrease in Fed Funds Rate
- Decline in loan yields driven by the repricing of variable rate loans following the September and October 2019 rate cuts, payoff of higher-yielding loans and lower rate on new originations
  - Decline in loan yields partially offset by substantial decrease in cost of deposits
- Expectation for margin compression of 2-3bps in 1Q20

Noninterest Income



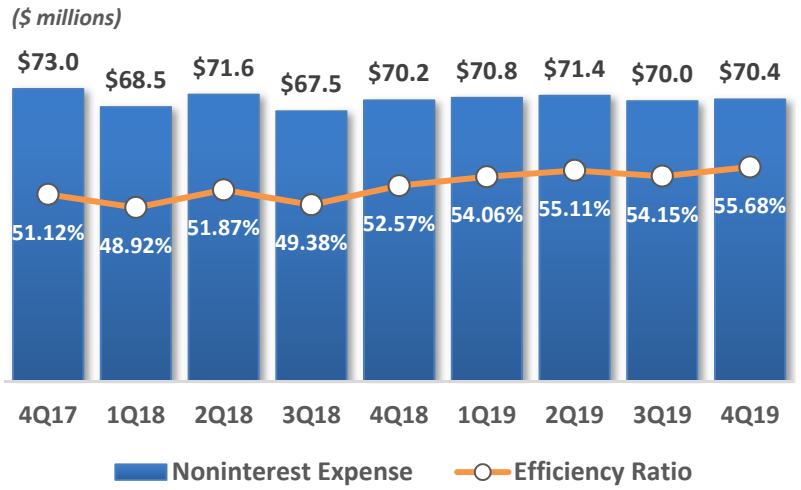
- Noninterest income stable at $13.0 million, unchanged from preceding quarter

Quarter-over-Quarter Gain-on Sale Variance

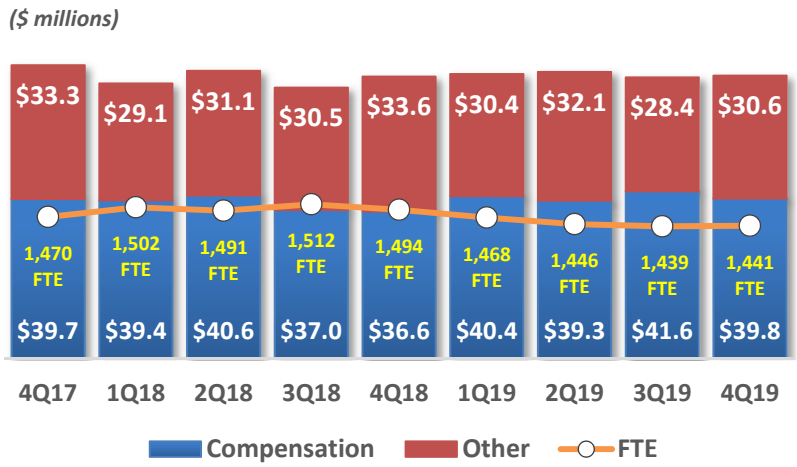
- $1.1 million increase Q-o-Q in gain on sale of other loans
  - Reflects $32.5 million total sales of mortgage loans vs. $30.9 in 3Q19
- $911,000 decrease Q-o-Q in swap fee income

Noninterest Expense and Efficiency

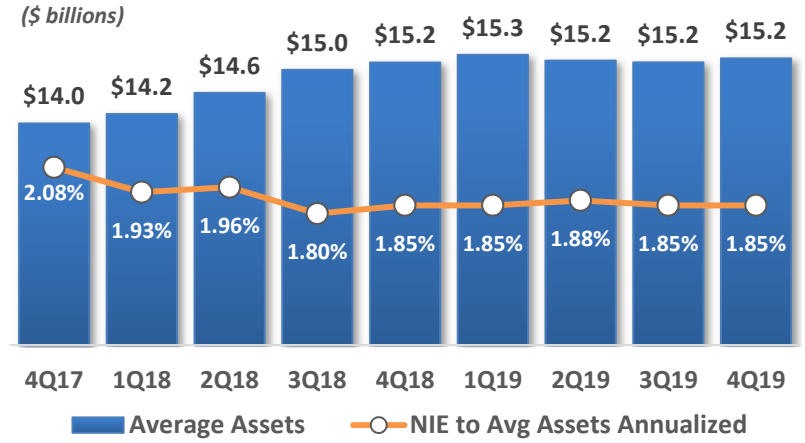
Noninterest Expense and Efficiency Ratio



Breakdown of Noninterest Expense and FTE



Noninterest Expense to Average Assets

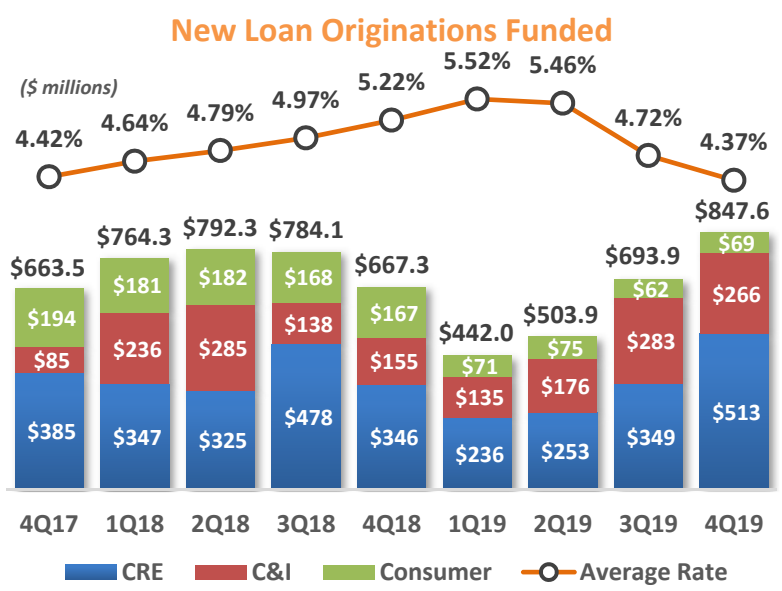


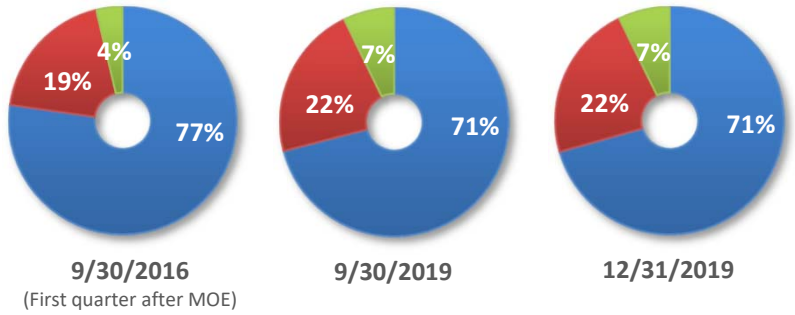
- Noninterest expense increased modestly to $70.4 million in 4Q19 from $70.0 million in 3Q19
  - $772,000 FDIC assessment in 4Q19 vs. $0 in 3Q19 due to assessment credits for small banks
  - Professional fees up $707,000 Q-o-Q
  - Higher credit related costs and lower OREO credits in 4Q19 vs. 3Q19
  - $1.8 million decrease in compensation expense primarily reflects fluctuations in retirement plan and self-funded group insurance expenses
- Annualized noninterest expense to average assets stable at 1.85% in 4Q19 and 3Q19



Growing Loan Trends

Loan Production & Portfolio Trends



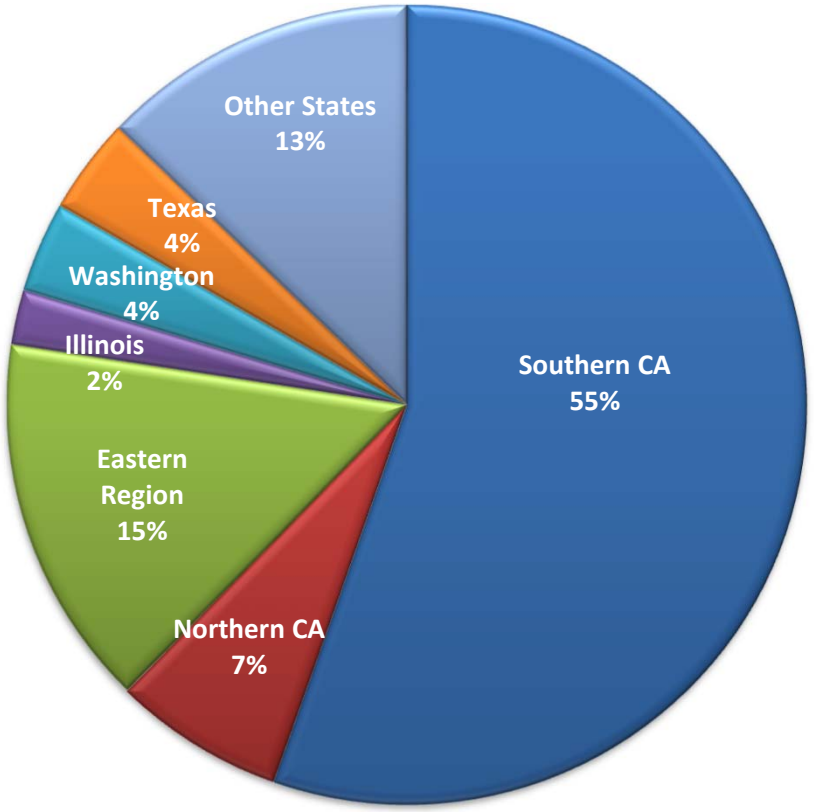


- Record new loan originations funded of **$848 million** resulting in 1.4% net loan growth, or 5.7% annualized
- Aggregate payoffs and paydowns remained at higher-than-usual levels at $668 million, versus $633 million in 3Q19
  - Largely driven by higher payoffs, reflecting competitive business environment
- Well diversified mix of loan originations representing targeted mix of higher-yielding loans
  - 61% CRE / 31% C&I / 8% Consumer
- Decrease in average rate on new loan production reflects 25bps rate cuts in September and October 2019
- CRE production of $513 million reflects modest increase in demand for CRE loans
- C&I production of $266 million reflects continued success in banking middle-market commercial borrowers
- SBA loan production of $62 million of which $46 million was 7(a)

Loan Portfolio by Region

$12.27 Billion

(as of 12/31/2019)



Southern California

- **1986**: Founded by Los Angeles-based Korean-American investors

Northern California

- **1997**: Expanded de novo into Northern California; Acquired Asiana Bank in 2003

Eastern Region

- **1998**: Expanded into New York/New Jersey through multiple acquisitions

Midwest

- **2004**: Expanded into Chicago through branch acquisition; Acquired Foster Bank in 2013

Pacific Northwest

- **2005**: Expanded de novo into Seattle; Acquired Pacific International Bank in 2013

Southwest and Southeast

- **2016**: Expanded into Texas, Georgia and Alabama through merger with Wilshire Bancorp

Diverse national footprint spreads credit risk and provides greater growth opportunities

Note: Region based on collateral location

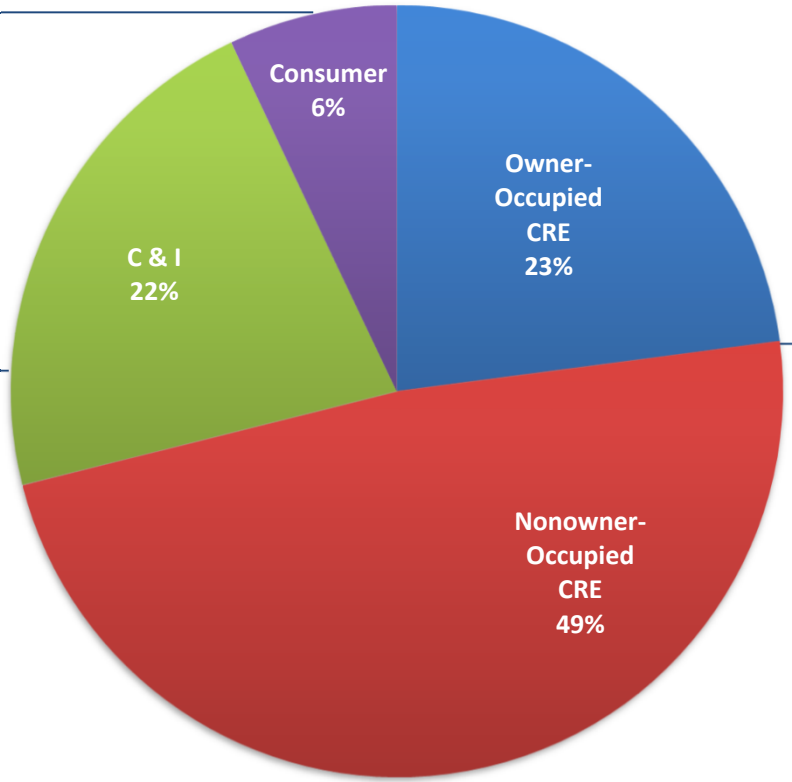
Loan Portfolio Composition

$12.27 Billion Total Portfolio

(as of 12/31/2019)

Consumer	
Outstanding	$889.1B
Average Size	$660M
Average Yield	3.76%

C&I	
Outstanding	$2,719.2B
Average Size	$659M
Average Yield	4.5%

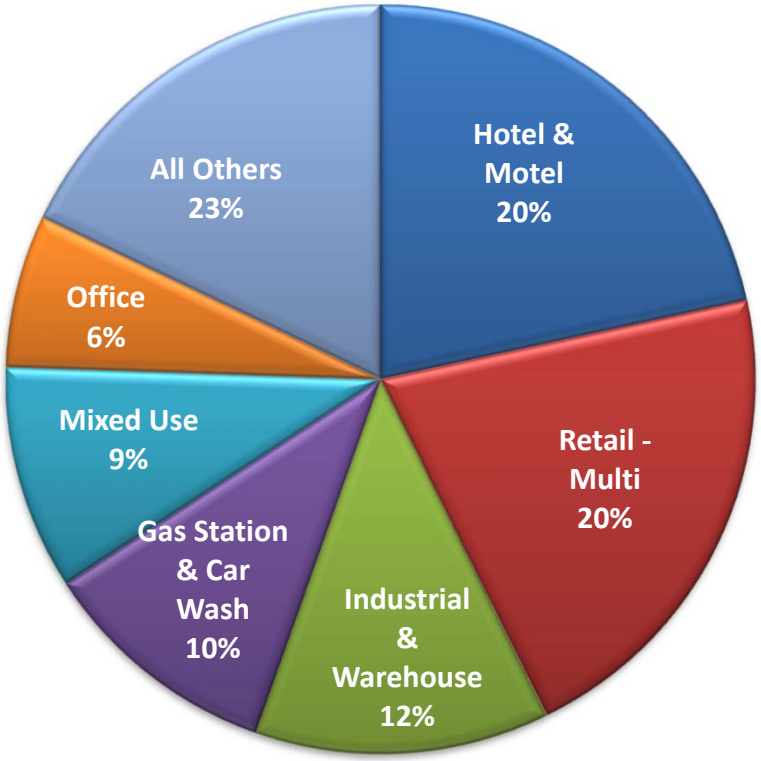


CRE	
Outstanding	$8,664.9B
Average Size	$1,571M
Average Yield	4.76%

Portfolio Diversification

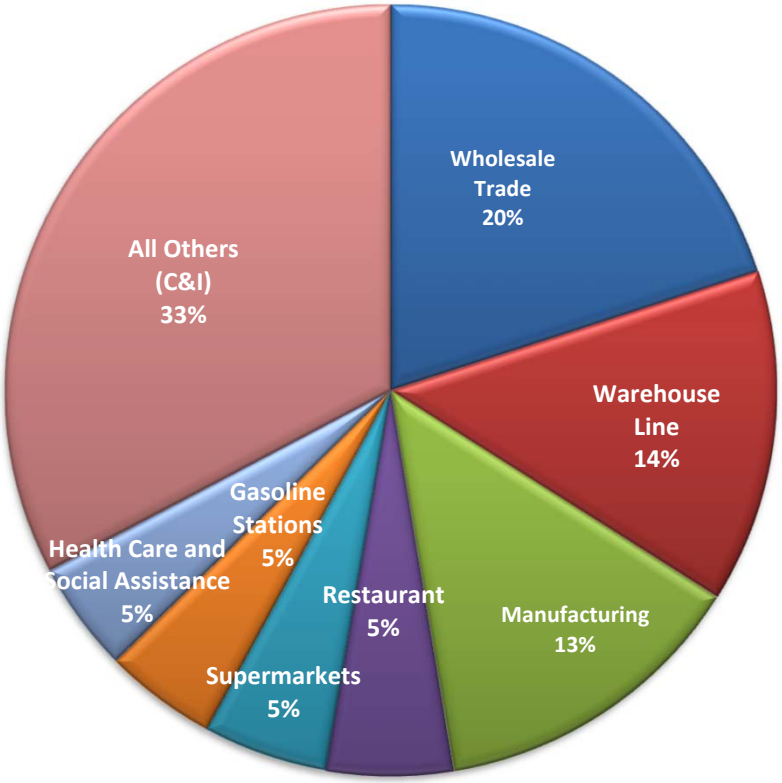
as of 12/31/2019

CRE Portfolio
$8.66 Billion



Note: All Others includes property types representing less than 7% of total CRE portfolio, including: Office Building, 5+ Residential, Church, Golf Course, Retail-Single, and Other smaller segments.

C&I Portfolio
$2.72 Billion

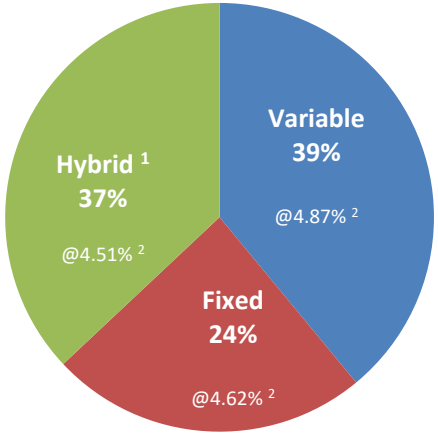


Note: All Others includes business types representing less than 5% of total C&I portfolio, including: Hotel/Motel, Information, Laundries & Drycleaners, Liquor Store, RE and Leasing, Retail, Services, Transportation and Other smaller segments.

Loan Portfolio Rate Mix

as of 12/31/2019

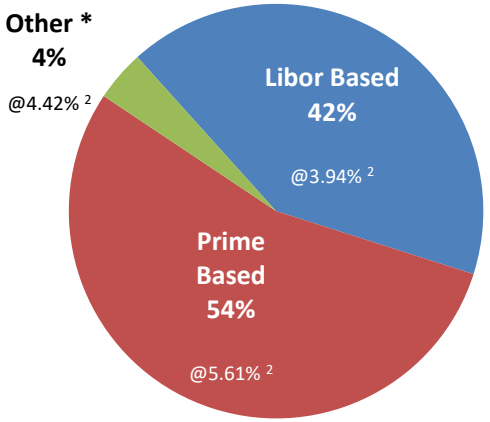
Fixed / Variable Breakdown



1 Hybrid loans have fixed interest rates for a specified period and then convert to variable interest rates (fixed as of 12/31/2019)

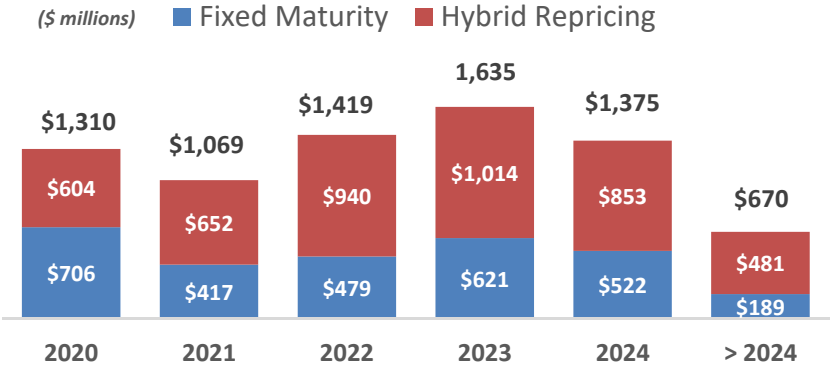
2 The weighted average rate as presented excludes loan discount accretion and interest rates on nonaccrual loans

Variable Rate Loan Base Index

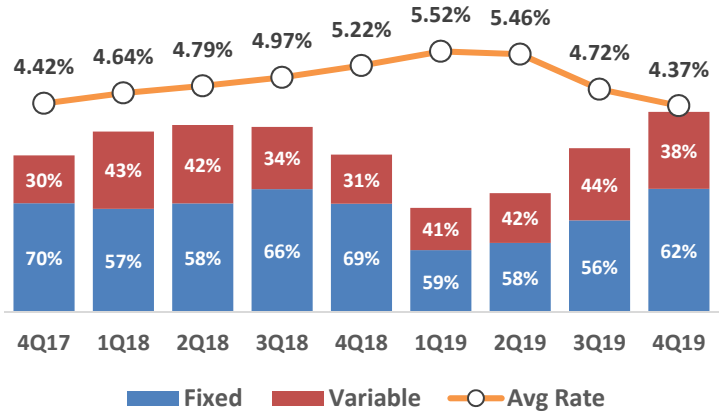


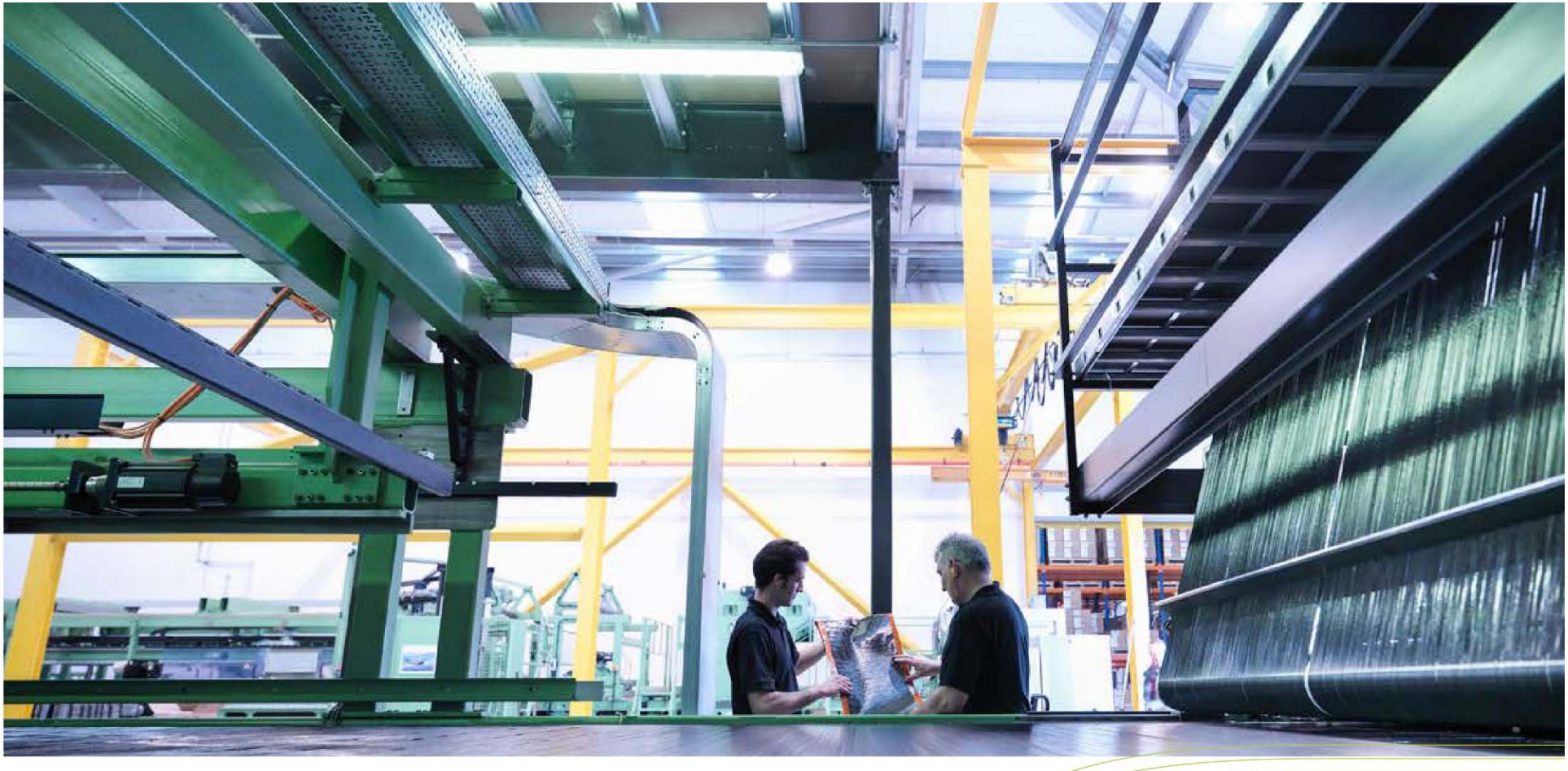
* Other consists of loans with indexes based on FHLB, FRB, US Treasury rates or other interest rate indexes

Maturity and Repricing Schedule



New Loan Fixed/Variable and Average Rate



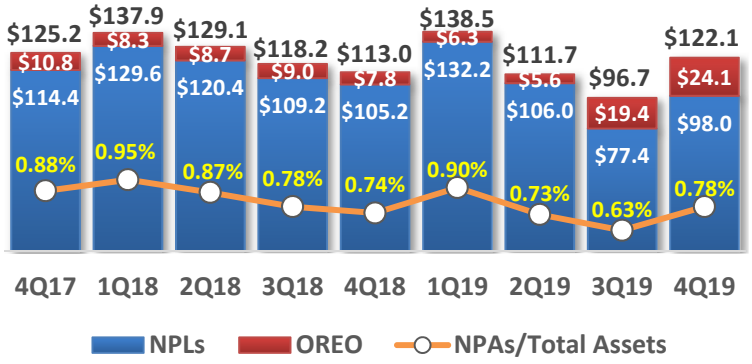


Improving Asset Quality

Asset Quality

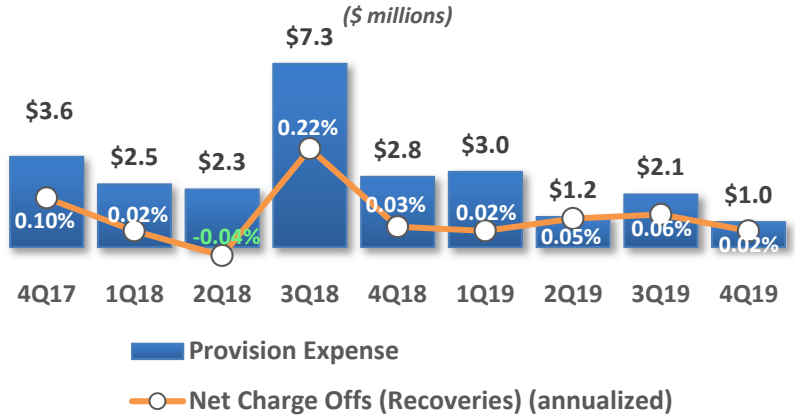
Nonperforming Assets

($ millions)



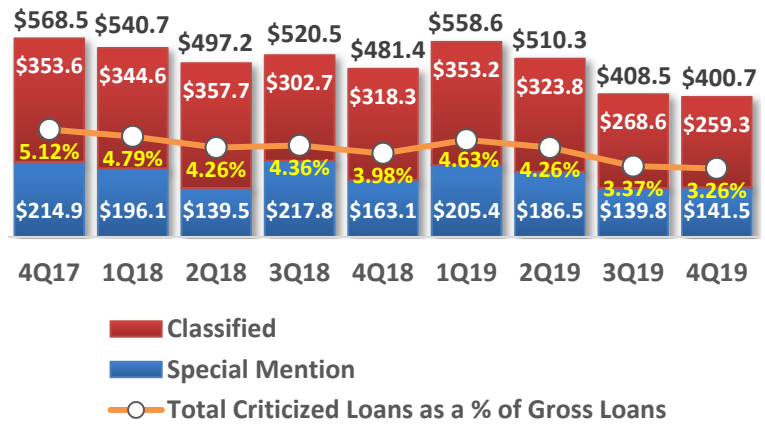
Provision Expense & Net Charge Offs

($ millions)



Criticized Loans

($ millions)



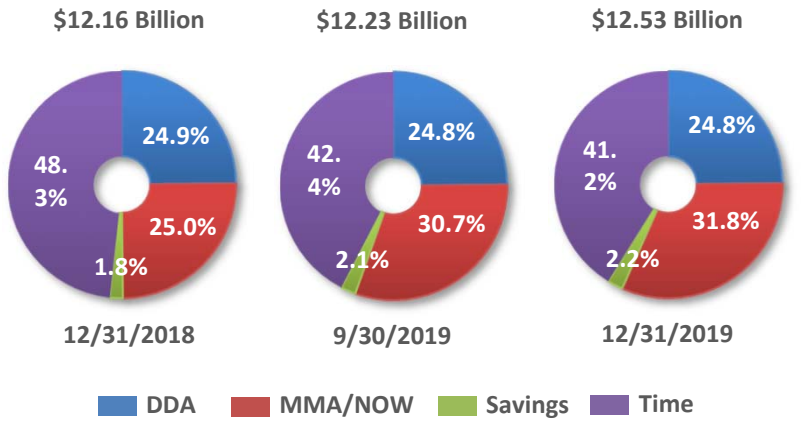
- Underlying health of broader portfolio remains solid
- Total criticized loans down 2% Q-o-Q to lowest level since MOE
- Nonperforming loans increased by $20.7 million vs. 3Q19 reflecting proactive identification and management of potentially problematic credits and a temporary delay in renewals
  - $10 million construction project moved to nonaccrual during 4Q19 is well secured with no impairment; management expects the borrower will be refinanced by another lender
- Credit losses continued to be minimal, with net charge offs of $738,000, or 2bps of average loans on an annualized basis



Favorable Deposit Trends

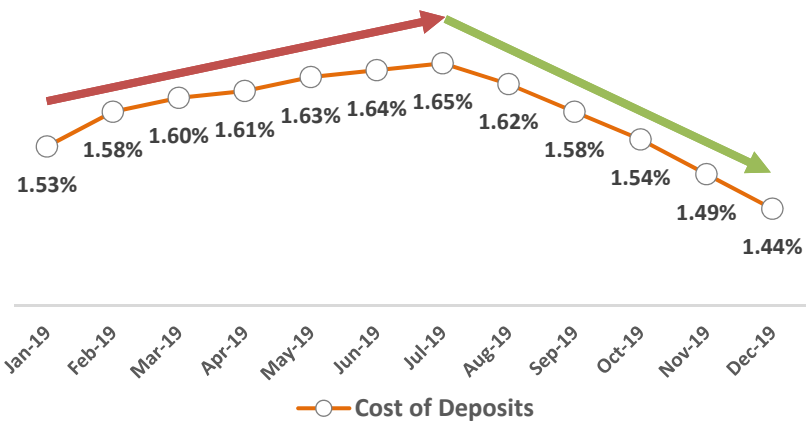
Deposit Trends

Deposit Composition

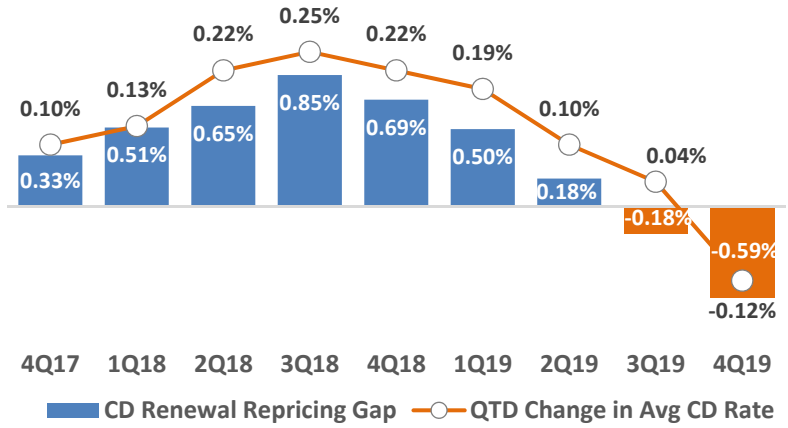


- Total end-of-period deposits increased **2%** Q-o-Q
- Favorable shift in deposit mix continued with increases in lower-cost deposits and decreases in time deposits
  - 2% increase in noninterest bearing deposits Q-o-Q
  - 6% increase in MMA & NOW balances Q-o-Q
  - 1% decreased in time deposits Q-o-Q
- Total cost of deposits decreased 13bps in 4Q19 from 3Q19 and have trended downward since the peak in July 2019
- Repricing gap on time deposit renewals continued to improve with repricing reduction of 59bps in 4Q19, in contrast with 18bps reduction in 3Q19
- Deposit gathering and cost containment strategies remain a **top priority**

Deposit Cost Trend



CD Renewal Repricing Gap



DDA = Noninterest bearing demand deposits
MMA/NOW = Money market and NOW deposits
NOW = Negotiable Order of Withdrawal

CD Renewal Repricing Gap = the difference between a CD's expiring rate and the renewal rate



Strong Franchise Value

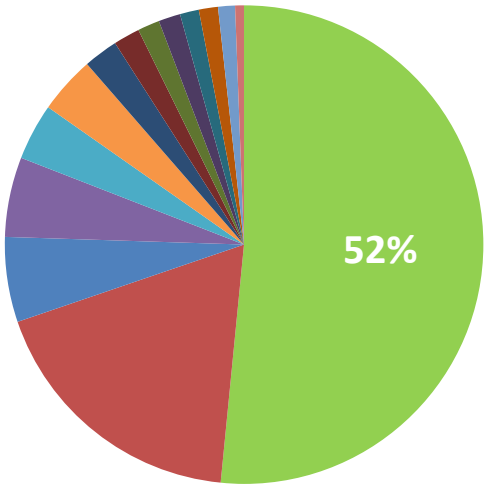
The Representative Bank

of the Korean-American Community

Total Assets

$30.38 Billion

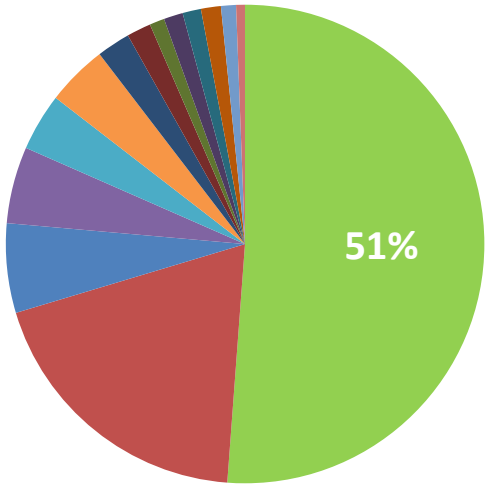
As of 12/31/2019



Total Loans

$23.09 Billion

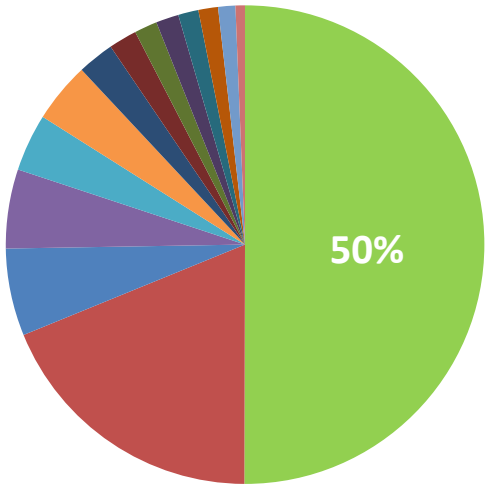
As of 12/31/2019



Total Deposits

$25.11 Billion

As of 12/31/2019



- Bank of Hope
- Hanmi Bank
- Pacific City Bank
- Metro City Bank
- Commonwealth Business Bank
- Open Bank
- First IC Bank
- US Metro Bank
- NewBank
- PromiseOneBank
- Noah Bank
- New Millennium Bank
- UniBank
- Ohana Pacific Bank

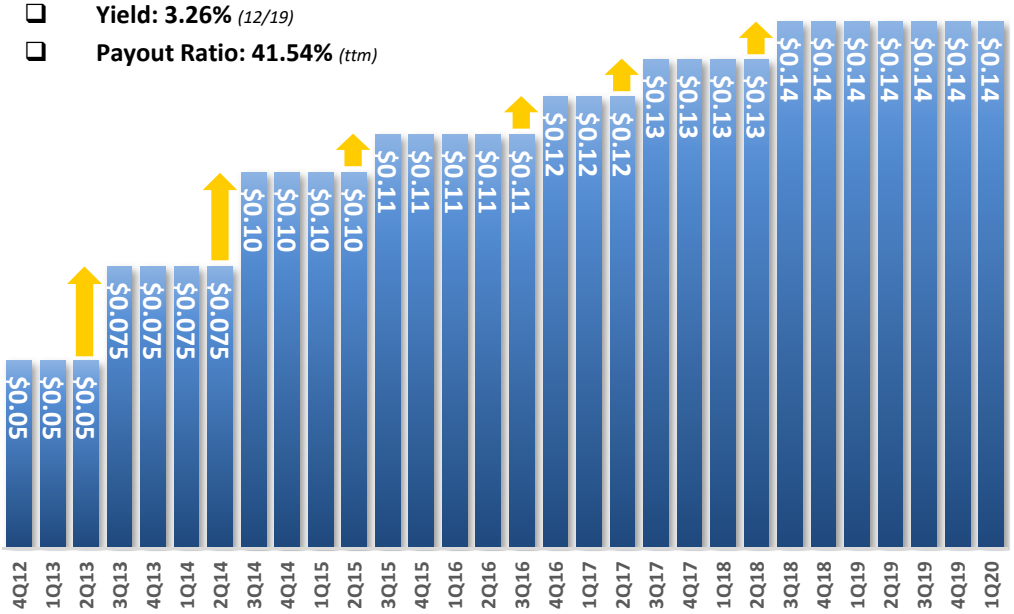
Hope Bancorp

Source: Regulatory Financial Highlights/S&P Global Market Intelligence

Strong Shareholder Returns & Capital

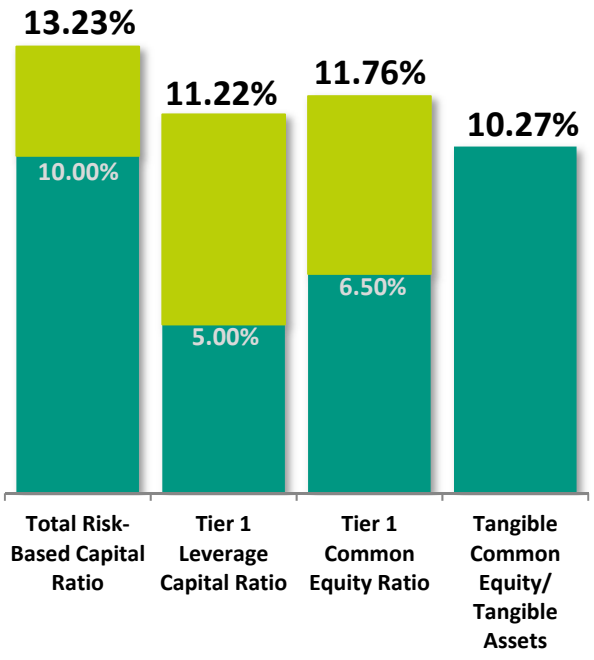
Strong Dividend

- **Yield: 3.26%** *(12/19)*
- **Payout Ratio: 41.54%** *(ttm)*



Robust Capital Position

(as of 12/31/2019)



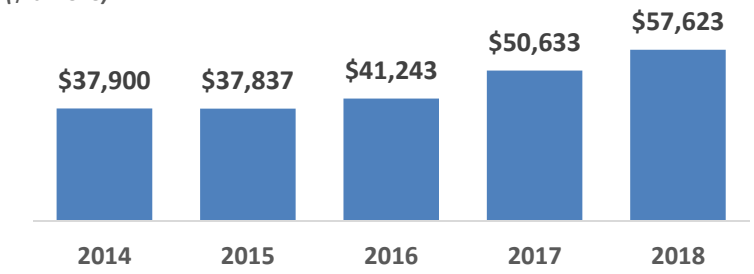
Active Stock Buybacks

- Aggregate $150 million, or approximately 9 million shares, repurchased in 2018, reducing shares outstanding by 6.6%
- **New $50 million stock repurchase plan launched Q3 2019**; As of 12/31/2019, 943,094 shares repurchased at an average price of $14.62, and $36.2 million remain available.

Unique Growth Opportunities

South Korean Foreign Direct Investment in the U.S.

($ billions)



Top 6 Industry Sectors

(By number of announced South Korean FDI projects in the U.S.)

#1	Auto Components	#4	Software & IT Services
#2	Industrial Equipment	#5	Automotive OEM
#3	Consumer Electronics	#6	Electronic Components

South Korean Companies Among Top Foreign Investors in the U.S.

- Hyundai Motor and Kia Motors announced Jan 2017 plans to spend $3.1 billion in U.S. in the next 5 years
  - 250-plus Korean-national companies in Hyundai and Kia supply chains with operations in Georgia and Alabama
  - 28 Tier-1 Hyundai/KIA suppliers with $1MM-$2MM in DDA
- Lotte Chemical investing $3.1 billion in petrochemical facility in Louisiana
- Hankook Tire building new $800 million factory in Tennessee
- LG Electronics
  - $250 million investment to build U.S. Home Appliance Factory in Tennessee
  - $300 million LG North American Headquarters in Englewood Cliffs, NJ

Bank of Hope is uniquely positioned to provide banking services to a growing number of South Korean companies operating in the U.S.

2020 Key Strategic Priorities



Near-Term Outlook & Strategies

- **Continuation of positive trends from 2019**
  - Favorable shift in mix of deposits to lower-cost core deposits and better deposit cost management
  - Proactive identification and management program leading to improving asset quality trends
  - Well-balanced mix of new loan production favoring higher-yielding loans and less reliant on CRE
  - Concentrated focus on expense management leading to improving efficiencies
- **Full-year loan growth guidance of low- to mid-single growth for 2020 amidst strong headwinds of fierce competitive landscape and higher trending payoff activity**
- **Expectation for margin compression of 2-3bps in 1Q20 before stabilizing and improving in 2H20**, assuming no change in Fed Funds rate
- **2020 Key Strategic Priorities remain in focus**
  - Profitable Growth – *Better deposit gathering and cost management*
  - Profitable Growth – *Better loan growth and yield focus*
  - Profitable Growth – *Better efficiencies through expense containment*
  - Strong Capital Management

Committed to Building on Strong Foundation and Enhancing Long-Term Shareholder Value

Investment Opportunity

The Only Super Regional Korean-American Bank in the Nation

- Definitive leadership position as the **representative bank of the Korean-American community** and a **leading Asian-American bank**
- **National platform** and solid presence across all geographic markets with largest populations of Asian Americans
- Strong, sustainable **core earnings power** and capital
- Diversified financial institution with **comprehensive offering** of products and services for commercial and consumer clients
- Well positioned to continue progressive transition to **less CRE-focused portfolio**
- Only Korean-American bank with **presence in Korea**
- Proven history of **driving consolidation** in the Korean-American banking industry



Appendix

Appendix –
Q4 2019 Financial Summary

($ thousands)	Q4 2019	Q3 2019	Q4 2018
Net income	$ 43,009	$ 42,592	$ 44,449
Diluted earnings per share	$ 0.34	$ 0.34	$ 0.35
Net interest income	$ 113,508	$ 116,258	$ 121,893
Net interest margin	3.16%	3.25%	3.41%
Noninterest income	$ 12,979	$ 12,995	$ 11,614
Noninterest expense	$ 70,429	$ 69,995	$ 70,189
Net loans receivable	$ 12,181,863	$ 12,010,800	$ 12,005,558
Deposits	$ 12,527,364	$ 12,234,750	$ 12,155,656
Nonaccrual loans [1][2]	$ 54,785	$ 42,235	$ 53,286
Nonperforming loans to loans receivable [1][2]	0.80%	0.64%	0.87%
ALLL to loans receivable	0.77%	0.78%	0.77%
ALLL to nonaccrual loans [1][2]	171,84%	222.28%	173.70%
ALLL to nonperforming assets [1][2]	77.08%	97.06%	81.92%
Provision for loan losses	$ 1,000	$ 2,100	$ 2,800
Net charge offs (recoveries)	$ 738	$ 1,822	$ 872
Return on average assets (ROA)	1.13%	1.12%	1.17%
Return on average equity (ROE)	8.46%	8.47%	9.42%
Return on average common tangible equity (ROTCE)	11.04%	11.11%	12.62%
Noninterest expensed / average assets	1.85%	1.85%	1.85%
Efficiency ratio	55.68%	54.15%	52.57%

(1) *Excludes delinquent SBA loans that are guaranteed and currently in liquidation.*
(2) *Excludes purchased credit-impaired loans.*

Appendix –

Pre-Tax Acquisition Accounting Adjustments and Merger-Related Expenses

($ thousands)	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Accretion of discount on acquired performing loans	$2,360	$2,166	$1,799	$2,046	$1,945
Accretion of discount on acquired credit impaired loans	4,867	5,834	6,848	5,234	5,958
Amortization of low income housing tax credits	(85)	(76)	(76)	(75)	(76)
Amortization of premium on acquired FHLB borrowings	357	1,280	—	—	—
Accretion of discount on acquired subordinated debt	(272)	(273)	(275)	(278)	(281)
Amortization of premium on acquired time deposits	—	—	—	—	—
Amortization of core deposit intangibles	(616)	(557)	(557)	(557)	(557)
Total acquisition accounting adjustments	**$6,611**	**$8,374**	**$7,739**	**$6,370**	**$6,989**