



---

# BOARD RISK COMMITTEE CHARTER

---

June 21, 2018

---

|   |   |
|---|---|
| <b>BOARD RISK COMMITTEE CHARTER</b>                       |   |
| <b>Hope Bancorp Inc.<br/>Board Risk Committee Charter</b> | <b>Page 1 of 5<br/><br/>Board Approval: 6/21/2018</b> |

**TABLE OF CONTENTS**

I. PURPOSE AND AUTHORITY ..... 2

II. MEMBERSHIP & CHAIRMAN ..... 2

III. STRUCTURE AND MEETINGS ..... 3

IV. DUTIES AND RESPONSIBILITIES..... 3

V. PERFORMANCE EVALUATION ..... 4

VI. COMMITTEE RESOURCES..... 5

## BOARD RISK COMMITTEE CHARTER

Page 2 of 5

Hope Bancorp Inc.  
Board Risk Committee Charter

Board Approval: 6/21/2018

### I. PURPOSE AND AUTHORITY

The Board of Directors (“BoD”) established the board risk committee (“BRC” or the “Committee”) to direct and oversee Hope Bancorp Inc.’s (“Company”) risk management program. The BRC has the delegated authority and the responsibility to oversee and approve the Company-wide risk management practices.

In carrying out its duties and responsibilities, the BRC shall also have the authority to meet with and seek any information it requires from employees, officers, directors, or external parties.

The BRC will primarily fulfill its responsibilities by carrying out the activities delineated in Section 4 of this charter.

### II. MEMBERSHIP & CHAIRMAN

#### Chairmanship:

The BRC will be chaired by an independent director who is not an officer or an employee of the Company during the previous three years, and is also not a member of the immediate family of a person who is, or has been an executive officer of the Company within the last three years.

#### Membership:

Committee membership will be approved annually by the BoD. BRC membership must include at least one “risk-expert” member having experience in identifying, assessing, and managing risk exposures of large, complex firms.

The committee shall consist of no fewer than five (5) members recommended by the BoD. Committee members will be selected from those members of the BoD who possess familiarity with overall compliance and risk management principals.

The Chief Risk Officer reports directly to the Board Risk Committee and shall serve as Committee Secretary to attend and take minutes of the meetings. Any member or the Chief Risk Officer may invite any other directors or officers of the Company to make presentations to the Committee from time to time. If desired by or acceptable to the Committee, any other persons, whose advice and counsel are sought by the BRC, also may be present at any meeting.

Each regularly scheduled meeting will begin or conclude with an executive session of the BRC with the Chief Risk Officer, absent members of the management.

## BOARD RISK COMMITTEE CHARTER

Page 3 of 5

Hope Bancorp Inc.  
Board Risk Committee Charter

Board Approval: 6/21/2018

### III. STRUCTURE AND MEETINGS

BRC Meetings will occur subject to the following guidelines:

- A. Frequency: At least quarterly, and as needed.
- B. Methods: Meetings may be held in person, by telephone, by videoconference or similar means with which all members may participate and hear all others.
- C. Quorum: A majority of all members, but not less than four members, inclusive of BRC Chairperson, shall constitute a quorum for the BRC meeting and the transaction of business.
- D. Notice of Meetings and Materials: Shall be delivered in advance of each meeting to all members by hard copy, facsimile, electronic mail or similar means. Agendas, reporting packages and presentations will be provided to the BRC members at least 7 days in advance.
- E. Calling Special Meetings: The Chairman or any two members may call special meetings.
- F. Minutes: Chief Risk Officer shall serve as the BRC Secretary to attend and take minutes of the meeting. The Secretary will record minutes of each meeting, submit them for approval to the Committee and retain such minutes with the records and files of such meeting. BRC proceedings, including risk management decisions, will be fully documented.
- G. On-going Training: The BRC will provide its members with annual continuing education opportunities and customized training focusing on topics such as leading practices regarding risk governance and oversight and risk management.

### IV. DUTIES AND RESPONSIBILITIES

The Committee shall perform the duties set out in this Charter and shall perform such other duties as may be necessary or appropriate under the applicable regulations and laws or delegated by the Board of Directors:

- A. Set the appropriate tone and develop a culture of the enterprise risk, promote open discussion regarding risk, integrate risk management into the organization's goals and compensation structure, and create a corporate culture such that people at all levels manage risks

## BOARD RISK COMMITTEE CHARTER

Page 4 of 5

Hope Bancorp Inc.  
Board Risk Committee Charter

Board Approval: 6/21/2018

- B. Oversee enterprise risk management to ensure the interrelatedness of risk is identified and measured across all areas of the Company's operations
- C. Oversee enterprise risk exposures for all identified risk categories via standardized risk reporting to ensure appropriate risk identification, measurement, monitor and control
- D. Review and approve risk policies established for each enterprise risk category
- E. Receive and consider the key enterprise risk exposures and issues associated with the Company's entry into new products or geographies
- F. Review and approve for full BoD ratification of risk appetite statement and risk limits at least annually, and as needed
- G. Chairman of BRC shall:
  - i. Preside over BRC meetings;
  - ii. Set the agenda for each BRC meeting, conferring with management;
  - iii. Determine frequency of BRC meetings, at least quarterly per year;
  - iv. Determine certain issues for escalation to the full BoD (including cross-referencing issues with other committees of the BoD)
- H. Review and approve risk limit breaches and course of action
- I. Review and approve Enterprise Risk Management ("ERM") Framework and Policy
- J. Provide update of material proceedings to the full BoD and recommend for approval/ratification as needed
- K. Receive reports concerning the enterprise wide risk and control self-assessments conducted throughout the bank. The RCSA framework should assess the nature, likelihood and materiality impact of the risks, as well as the completeness and adequacy of the risk management framework
- L. Provide clarity of authority and responsibility when necessary.
- M. Interface with the Audit Committee to provide continuity of risk assessment and risk management. The Chairperson of the Bancorp Audit Committee shall be concurrently a member of the BRC
- N. Review BRC Charter at least annually, and as needed. Submit BRC Charter to BoD for ratification
- O. Review and approve management level Enterprise Risk Management Committee Charter at least annually, as needed

### V. PERFORMANCE EVALUATION

The committee will conduct annual self-evaluations by reviewing and assessing the adequacy of this Charter and recommend any proposed changes to the Board for approval. The Committee shall also evaluate its own performance. In conducting such self-evaluation, the Committee shall address all matters that it considers relevant to its performance including but not limited to the following: the adequacy, appropriateness and quality of the information and recommendations presented by the Committee to the Board; the manner in which they were discussed or debated; and whether the

## BOARD RISK COMMITTEE CHARTER

Page 5 of 5

Hope Bancorp Inc.  
Board Risk Committee Charter

Board Approval: 6/21/2018

number and length of meetings were adequate for the Committee to complete its work in a thorough and thoughtful manner.

### VI. COMMITTEE RESOURCES

The Committee shall be empowered, subject to approval of the Board, to engage or compensate independent legal, accounting, or other advisors as it determines necessary to carry out its duties. The Committee shall receive appropriate funding, as determined by the Committee, from the Bank for payment of (A) compensation to any advisor so employed by the Committee; and (B) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties. The Committee may form and delegate authority to subcommittees when appropriate.

### DOCUMENT HISTORY

| Revision History | Description   | Date Approved     |
|------------------|---|-------------------|
| 1                | Initial Version   | August 31, 2016   |
| 2                | Revision – The Board Risk Committee Charter was reviewed and updated and membership changed from no fewer than 6 to 5.  | November 30, 2017 |
| 3                | Revision – The review and approval of capital and liquidity stress test assumptions, scenarios and results was removed. The Stress Testing Committee is no longer a subcommittee of the ERMC. | June 21, 2018     |