Hope Bancorp

2020 First Quarter Earnings Conference Call

Wednesday, April 29, 2020

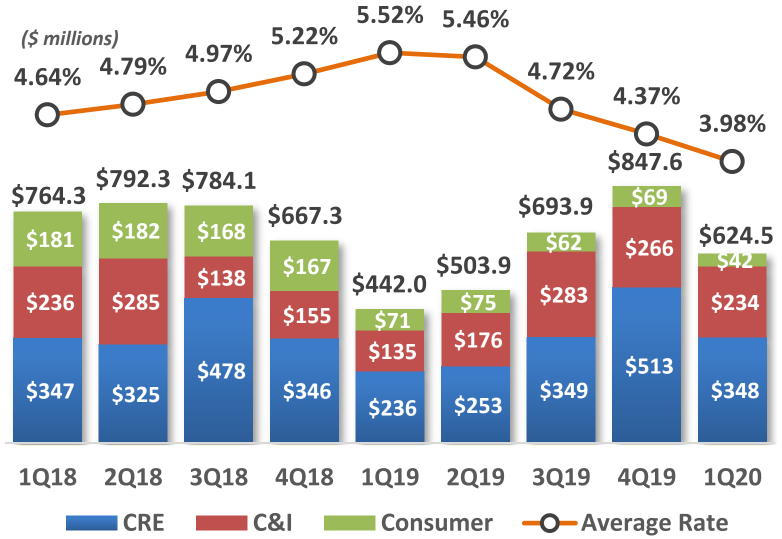
Forward Looking Statements & Additional Disclosures

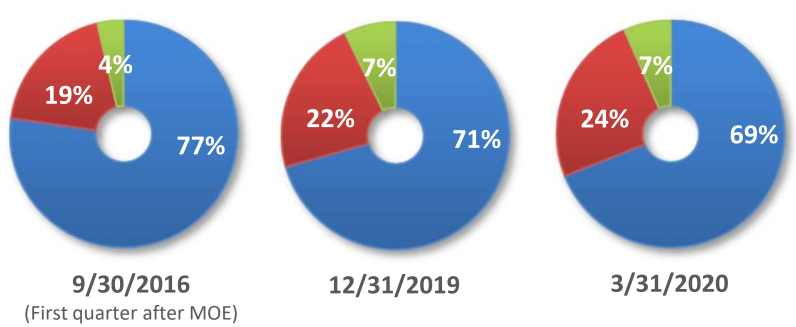
This presentation may contain statements regarding future events or the future financial performance of the Company that constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements relate to, among other things, expectations regarding the business environment in which we operate, projections of future performance, perceived opportunities in the market, and statements regarding our business strategies, objectives and vision. 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" 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, and the COVID-19 pandemic and its impact on our financial position, results of operations, liquidity, and capitalization. For additional information concerning these and other risk factors, see the Company's most recent Annual Report on Form 10-K. 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.

Q1 2020 Financial Highlights

Earnings & Profitability	✓ Net income of $26.0 million, or $0.21 per diluted common share, including $28.0 million provision for credit losses with the implementation of CECL ✓ Pre-provision net interest income increased 5% Q-o-Q ✓ PTPP income increased 8% Q-o-Q ✓ Noninterest expense well contained outside of seasonal factors and representing 1.87% of average assets ✓ Net interest margin expansion of 15bps Q-o-Q, benefiting from outsized purchase accounting accretion	**Net Income $26.0MM**
Loan Production	✓ New loan originations funded of $625 million reflects well-balanced mix of loans ✓ CRE loans accounted for 56% of new loan production; C&I 37%; and residential mortgage & consumer 7% ✓ Loans receivable increased 10% annualized with vast majority of growth in commercial loans	**Diluted EPS $0.21**
Deposits	✓ Total deposits increased 10% annualized and continued the trend of favorable mix shift to lower-cost deposits ✓ Increases in lower-cost core deposits along with decreases in higher-cost time deposits ✓ Cost of deposits decreased 15bps Q-o-Q ✓ Company continues to benefit from CD repricing gap as time deposits continue to renew at significantly lower rates	**Gross Loans $12.6B**
Asset Quality	✓ Overall asset quality remains healthy ✓ Total criticized loans stable Q-o-Q ✓ Nonperforming loans increased by $21 million Q-o-Q largely driven by reclassification of purchased credit deteriorated (“PCD”) loans due to adoption of CECL ✓ Charge offs of $4.7 million of specific reserves held against PCD loans that were reclassified with CECL implementation resulted in total net charge offs of $3.4 million	**Deposits $12.8B**

Loan Production & Portfolio Trends





- New loan originations funded of **$625 million** resulting in 2.5% growth in loans receivable Q-o-Q, or 10% annualized
- Aggregate payoffs and paydowns remained at higher-than-usual levels at $624 million, versus $668 million in 4Q19
- Well diversified mix of loan originations representing targeted mix of higher-yielding loans
  - 56% CRE / 37% C&I / 7% Consumer
- Decrease in average rate on new loan production reflects extremely competitive business environment
- Continued strength in C&I production reflects ongoing success with banking middle-market commercial borrowers
- SBA loan production of $50 million of which $22 million was 7(a)

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COVID-19 Response

Pandemic Response

- Bank of Hope's Pandemic Response Plan activated mid-Jan well in advance of national declaration of COVID-19 Pandemic
- Pandemic Response Team closely monitoring situation, identifying issues and developing responses to reduce risks related to COVID-19

Adjusted Branch Operations

- Reduction of operating hours
- Temporary closure of branches in close proximity to another branch
- Social distancing procedures implemented
- Installation of sneeze guards at teller stations and customer service areas
- Branch staff equipped with facial masks and face shields

Corporate/Non-Retail Offices

- Social distancing procedures implemented
- Enabled majority of employees with remote work capabilities
- Implemented 50/50 remote work rotation strategy

Community Aid

- Donating 20,000+ KN95 masks to various community organizations
  - Senior nursing homes
  - Hospital/medical centers
  - Community support organizations

Highest Priority

Protecting the health and safety of employees and customers, and risk mitigation of operations

COVID-19 Customer Support

Commercial Borrowers

- Upon request, providing short-term modifications for **COVID-19 impacted** borrowers – *interest only or payment deferrals*
- Have provided commercial loan modifications aggregating 2% of total loans outstanding as of 3/31/20 – *primarily in hotel/ motel and retail portfolios*

Consumers

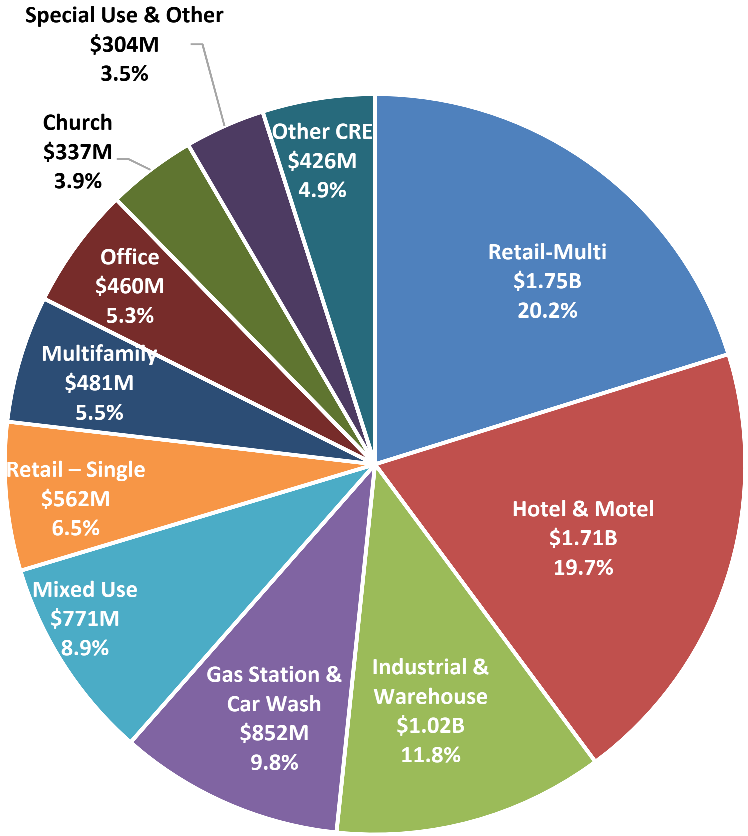
- **Residential Mortgage** – *Upon request, providing temporary forbearance plans for COVID-19 impacted borrowers initially for 3 months; Late charges waived; and Credit reporting suspended during forbearance period*
- **Credit Card** – *Upon request, deferring minimum payments for up to 2 billing cycles without penalty; Accruing finance charges added to outstanding credit card balance; Credit reporting suspended during the period*

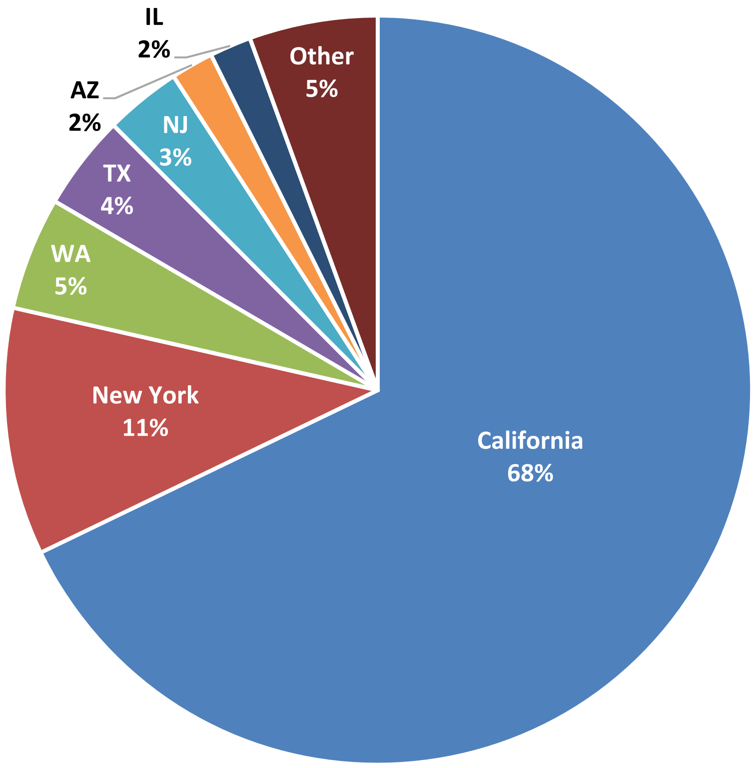
SBA's Paycheck Protection Program ("PPP")

- Began accepting applications 4/6/20
- Received more than 4,200 PPP applications from customers to date
- As of 4/24/20, have processed 2,681 applications, aggregating approximately $405 million in government relief funding
- Reinforced team with staff from other areas of the bank working around the clock to help as many customers as possible for the 2nd round of funding

Commercial Real Estate Portfolio

(as of March 31, 2020)

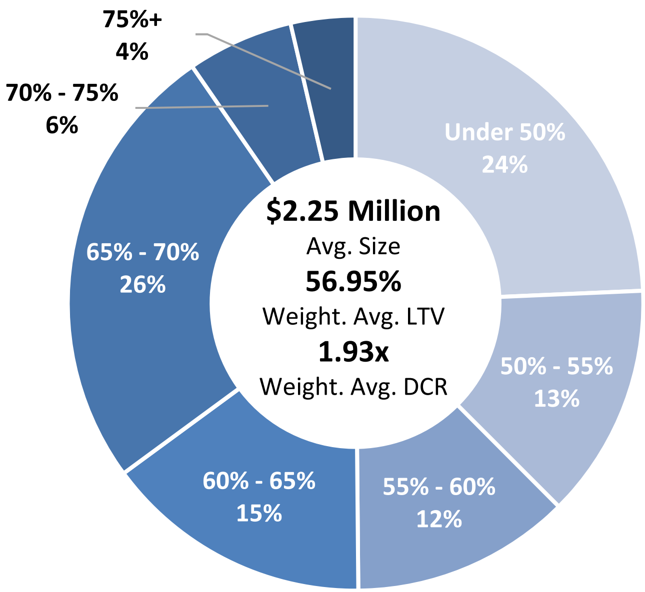




CRE Portfolio Details

LTV Distribution of Total CRE Loans

Originated Since 2019



Avg Size, LTV & DCR of Total CRE Loans

Originated Since 2019

($ in millions)	Outstanding $	Avg Loan Size $	Weighted Avg LTV %	Weighted Avg DCR
Hotel & Motel	**284.72**	**2.91**	**54.07**	**2.16**
Multi-tenant Retail	**284.90**	**2.41**	**55.47**	**1.71**
Industrial & Warehouse	251.19	2.96	58.55	2.14
Mixed Use	175.56	2.09	56.36	1.60
Gas Station & Car Wash	144.56	2.26	61.48	1.93
Single-tenant Retail	129.37	2.23	60.99	2.28
Office	98.80	2.10	58.37	1.81
Multi-family	96.53	1.51	54.07	1.48
Special Use & Other	139.89	1.46	56.25	2.15
Total	**1,605.53**	**2.25**	**56.95%**	**1.93**

Multi-tenant Retail Properties

- Multi-tenant retail CRE totaled $1.75 billion as of 3/31/20 and accounted for 18.6% of loans receivable
- Retail portfolio largely represents "strip mall" type of properties *(not shopping malls),* much of which is comprised of service oriented businesses *– traditionally has been less impacted by e-commerce*
- Representative anchor tenants = Local supermarket
- ACL coverage ratio of 1.18% for Multi-tenant Retail CRE portfolio

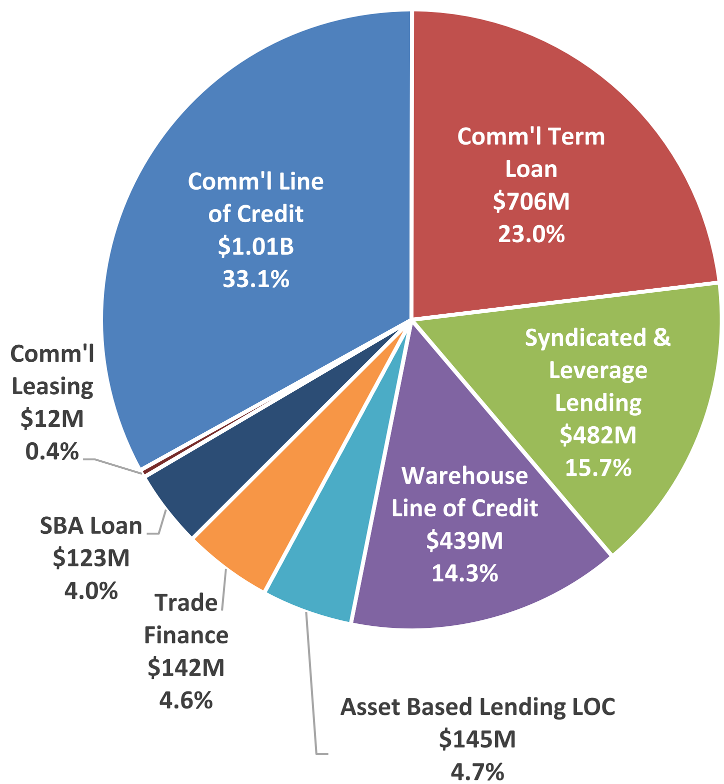
Hotel/Motel CRE Properties

- Hotel/Motel CRE totaled $1.71 billion as of 3/31/20 and accounted for 13.6% of loans receivable
- 73% of Hotel/Motel portfolio represented by flagged properties
- Majority of Hotel/Motel properties are limited service facilities
- 93% of Hotel/Motel exposure located within Bank of Hope's primary MSAs
- Majority of the portfolio with personal guarantees
- ACL coverage ratio of 0.92% for Hotel/Motel CRE portfolio

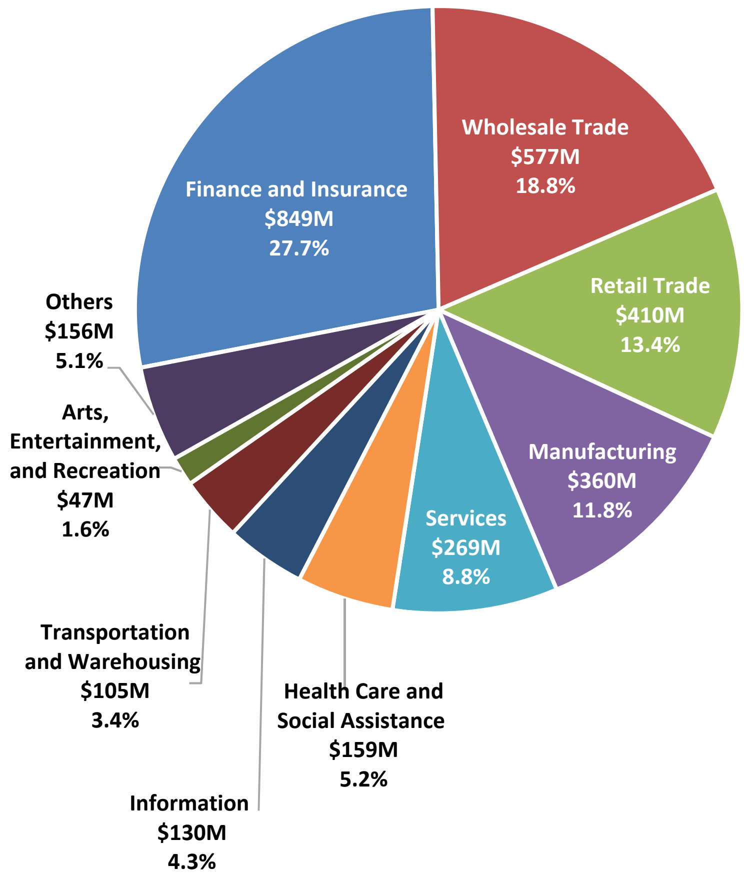
C&I Portfolio

(as of March 31, 2020)

C&I by Loan Type



C&I by Business Type



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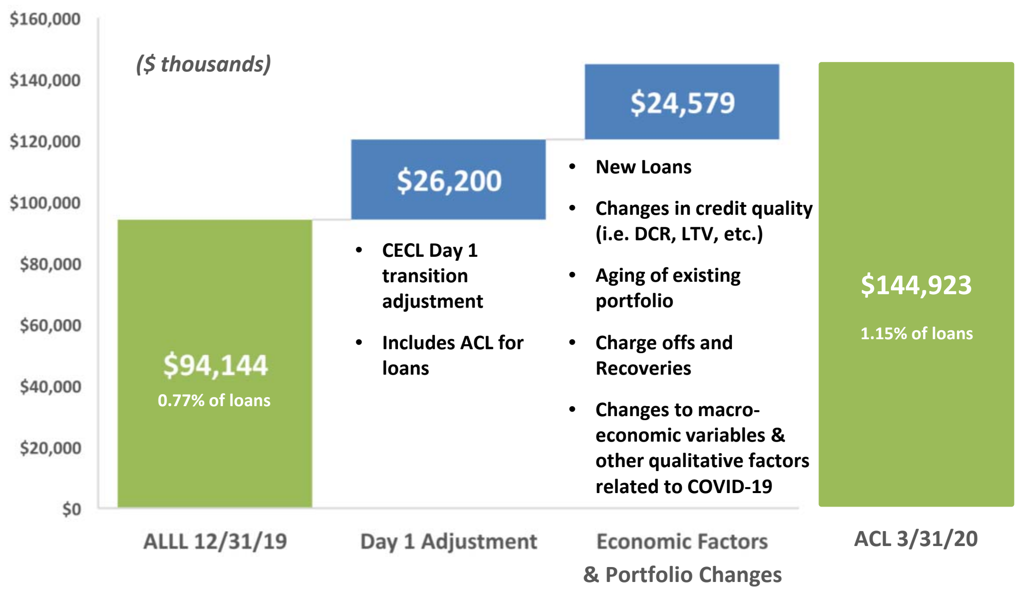
Allowance for Credit Losses

Reserve Build for CECL



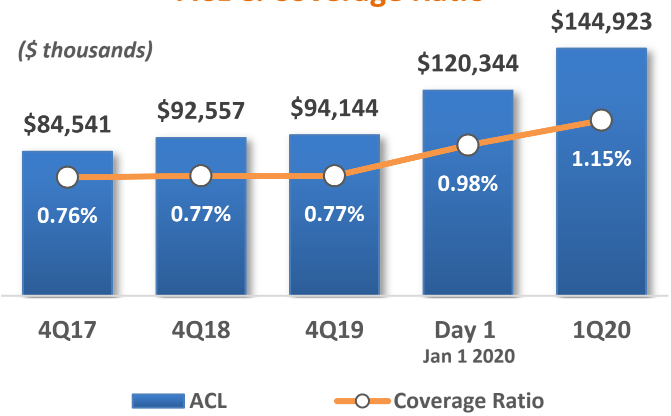
Moody's Baseline V2 Scenario Assumptions

- **U.S. Growth** – Economy enters sudden sharp recession due to COVID-19 crisis, turmoil in equity markets and plunge in global oil prices with spike in unemployment; GDP forecasted to decline on an annualized basis of 2.5% in 1Q20 and 18.3% in 2Q20
- **Inflation** – Elevated recession risks as unemployment rises, leaving households cautious about spending, leading to slower consumer price growth
- **Employment** – Sharp jump in unemployment rate in 2Q20 averaging 8.7%
- **Monetary Policy** – 10-year Treasury yield expected to average 0.77% in 4Q20; Fed expected to keep Fed Funds rate unchanged until 2022
- **CRE** – Prices decline 15% in 2020
- **Corporate** – Corporate equipment investment forecast to fall 8.5% in 2020
- **Residential** – House pricing expected to decrease from late 2020 through 3Q21
- **Consumer** – Real consumer spending forecast to drop 0.8% annualized in 1Q20 and 13.7% in 2Q20

Q1 2020 Highlights

- **Allowance for CECL Day 1** adoption increased to $120MM which was comprised of ACL for loans, impairment, and qualitative adjustment of $84MM, $11MM, and $25MM, respectively
- **Economic Factors & Updates,** adoption of macro-economic variables based on Moody's Baseline V2 scenario on top of bank's existing portfolio and **Portfolio Changes** including new loan production, pay offs, and charge offs & recoveries required an addition of $24.6MM on top of Day 1 requirement
- **Provision for credit losses of $28MM** for Q1 resulted in $145MM of ACL under CECL and coverage ratio to loans receivable increased from 0.77% as of 12/31/19 to 1.15% as of 03/31/20

ACL & Coverage Ratio



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Allocation of Allowance by Loan Type

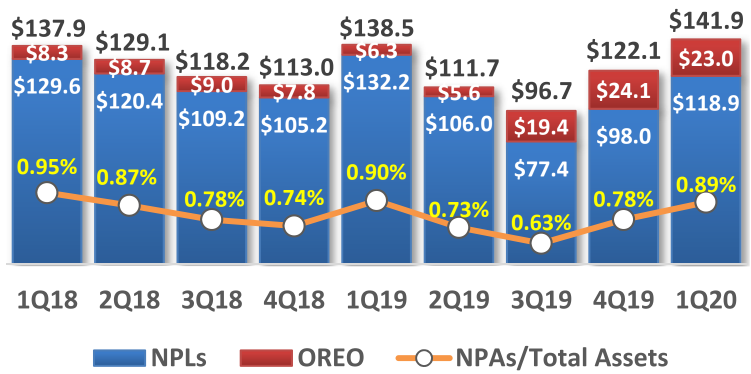
($ thousands)

	Allowance of Loan & Lease Losses (ALLL)			Allocation for Credit Losses for Current Expected Credit Loss (CECL)					
	December 31, 2019			January 1, 2020 CECL Adoption - Day 1			March 31, 2020		
Loan Type		**$ Amount**	**Coverage Ratio**		**$ Amount**	**Coverage Ratio**		**$ Amount**	**Coverage Ratio**
Commercial Real Estate	$	53,593	0.62%	$	81,385	0.94%	$	94,680	1.09%
Residential	*$*	*204*	*0.39%*	*$*	*227*	*0.43%*	*$*	*391*	*0.69%*
Commercial	*$*	*51,712*	*0.62%*	*$*	*79,194*	*0.95%*	*$*	*92,637*	*1.11%*
Construction	*$*	*1,677*	*0.57%*	*$*	*1,964*	*0.66%*	*$*	*1,652*	*0.59%*
Commercial & Industry	$	33,032	1.21%	$	32,010	1.18%	$	42,935	1.40%
Residential Mortgage	$	5,942	0.71%	$	5,387	0.65%	$	5,776	0.73%
Consumer	$	1,577	2.87%	$	1,563	2.85%	$	1,532	3.18%
Total Allowance	**$**	**94,144**	**0.77%**	**$**	**120,345**	**0.98%**	**$**	**144,923**	**1.15%**
Coverage Ratio to Loans Receivable			**0.77%**			**0.98%**			**1.15%**

Asset Quality

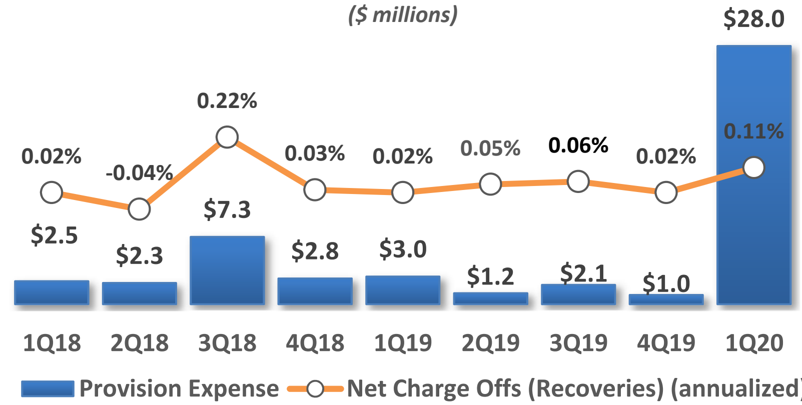
Nonperforming Assets

($ millions)



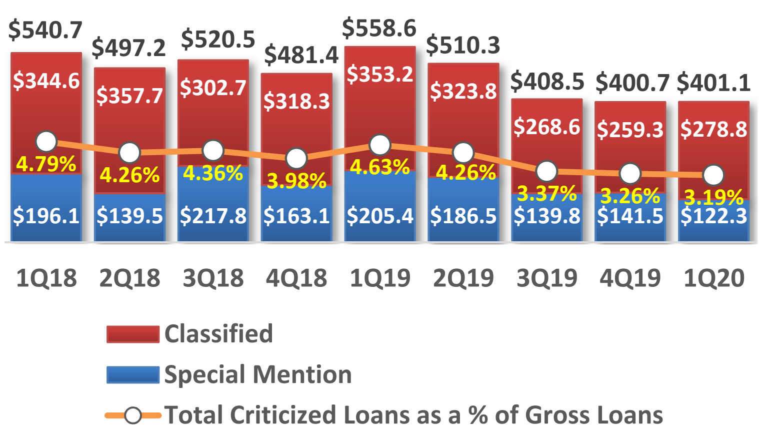
Provision Expense & Net Charge Offs

($ millions)



Criticized Loans

($ millions)



- Underlying health of broader portfolio remains solid as of 3/31/2020
- Total criticized loans stable Q-o-Q
- Increase in nonperforming loans includes $14.7 million related to reclassification of PCD (purchased credit deteriorated) loans due to adoption of new CECL accounting standards
- Credit losses continued to be nominal, with net charge offs of $3.4 million, or 11bps of average loans on an annualized basis
  - 1Q20 includes charge off of $4.7 million specific reserves held against PCD loans reclassified under the new CECL methodology

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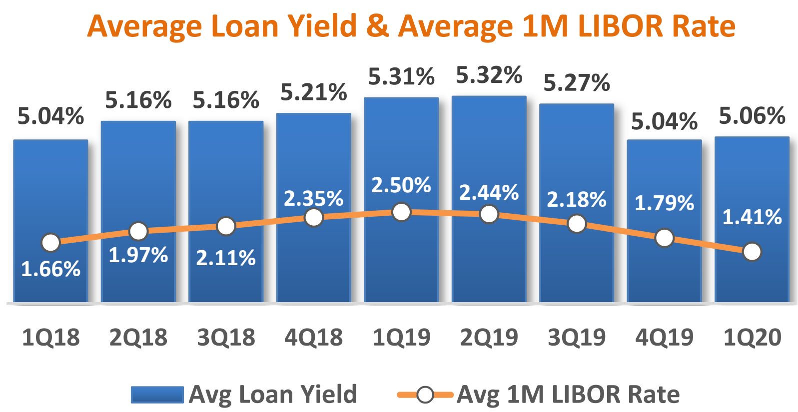
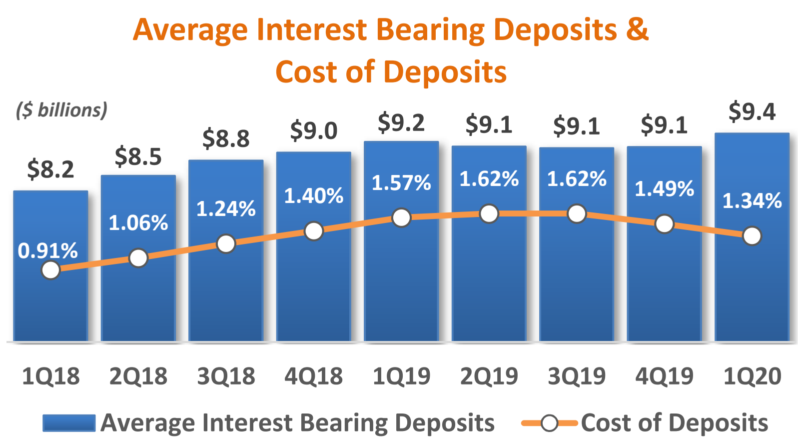
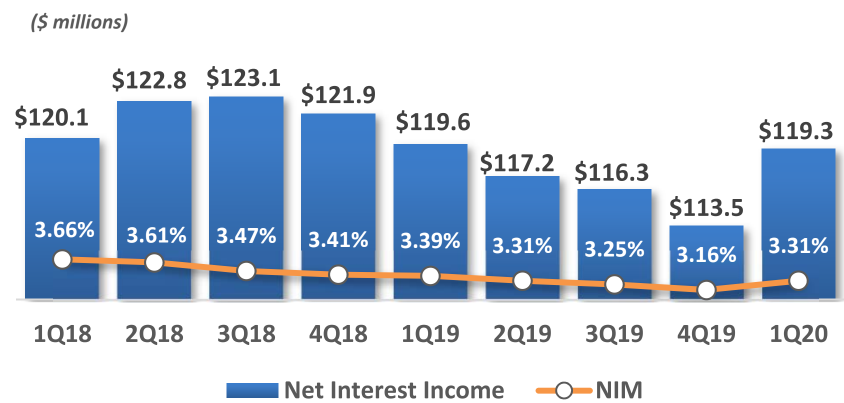
Net Interest Income and Margin

Key Net Interest Income Drivers





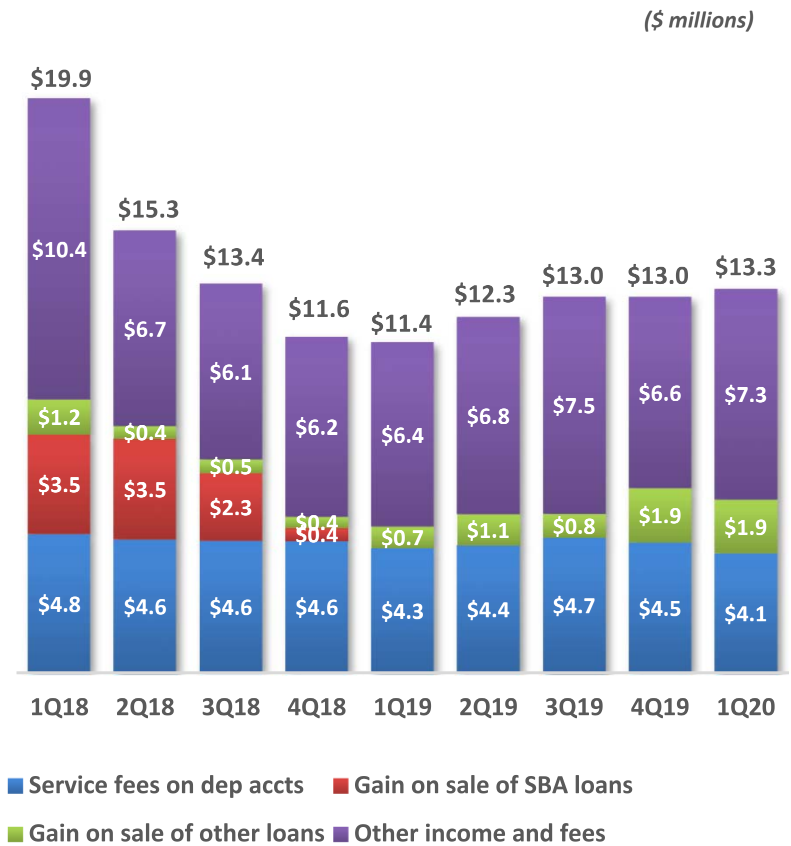
Net Interest Income & NIM



- 1Q20 net interest margin increased 15bps Q-o-Q benefiting from additional purchase accounting discount accretion related to the payoff of an acquired loan
- Core net interest margin (excluding acquisition accounting adjustments) increased 8bps Q-o-Q largely due to the reduction in deposit costs
- NIM compression expected for 2Q20 with full quarter's impact of 150bps Fed Funds rate cuts in Mar 2020, partially offset by considerable decrease in total cost of deposit below 100 basis points

Noninterest Income

Noninterest Income



- ❑ Noninterest income stable at $13.3 million, up modestly from 4Q19
- ❑ Decrease in service fees reflect reduction in NSF and analysis fees
- ❑ Sold $73.9 million in residential loans and recognized gain on sale income of $1.86 million
- ❑ Other income and fees increased to $7.3 million
  - ❑ Recognized $354,000 income from fair value change of equity investments vs. loss of $104,000 in 4Q19

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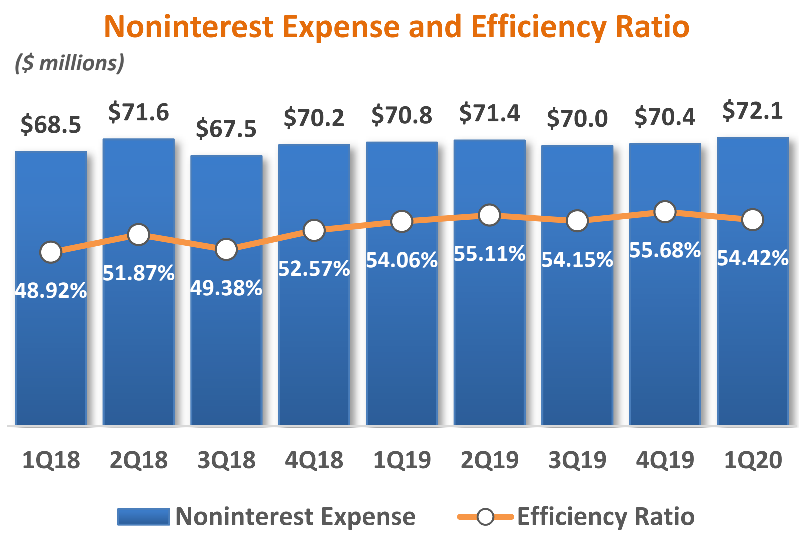
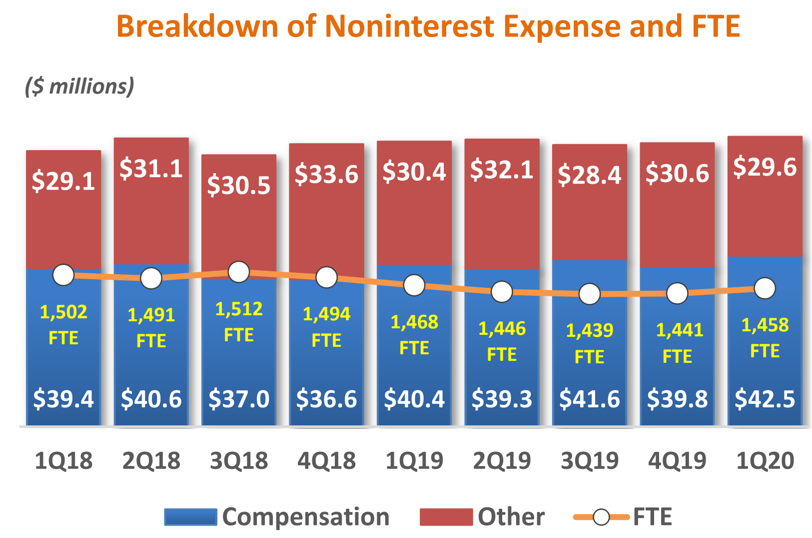
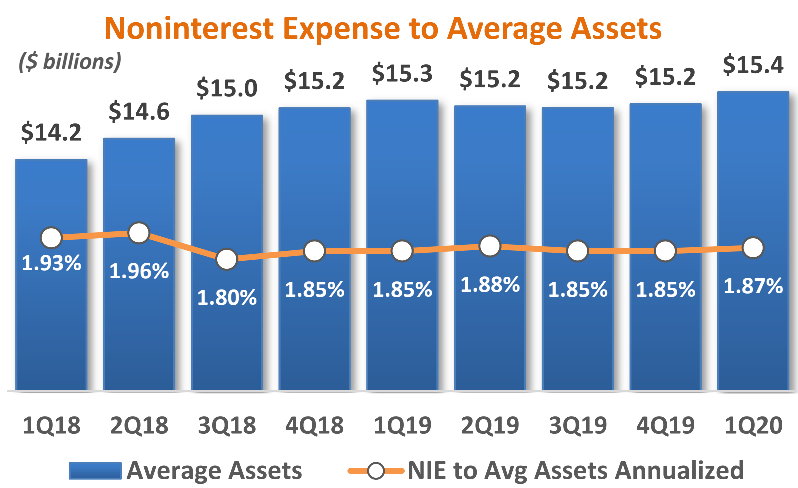
Noninterest Expense and Efficiency



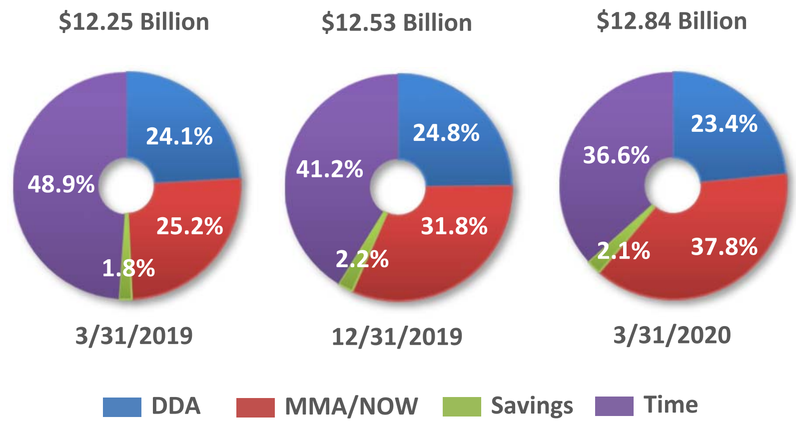




- Noninterest expense increased to $72.1 million in 1Q20 from $70.4 million in 4Q19
  - Higher compensation expense largely due to payroll taxes and higher seasonal expenses
  - FDIC assessment in 1Q20 reflects quarterly run rate
  - Professional fees decreased 45% Q-o-Q
  - Advertising and Marketing expense down 32% Q-o-Q
- Annualized noninterest expense to average assets at 1.87% in 1Q20 vs. 1.85% in 4Q19
- Efficiency ratio improves to 54.42% in 1Q20 vs. 55.68% in 4Q19

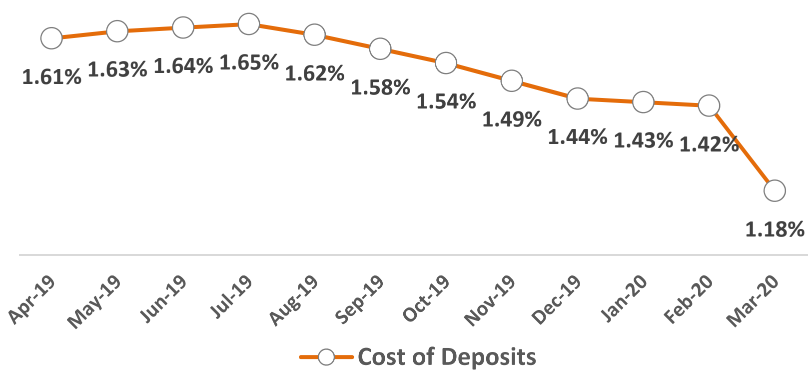
Deposit Trends

Deposit Composition



- Total end-of-period ("EOP) deposits increased **2.5%** Q-o-Q, or 10% annualized
- EOP Loan-to-Deposit ratio of 97.14% as of 1Q20
- Positive shift in deposit mix continued with increases in lower-cost deposits and decreases in time deposits
  - 22% increase in MMA & NOW balances Q-o-Q
  - 9% decreased in time deposits Q-o-Q
- Total cost of deposits decreased 15bps in 1Q20 from 4Q19
- M-o-M decrease in deposit costs for Mar 2020 reflects 150 bps Fed Funds rate cuts in that month

Deposit Cost Trend



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

CD Originations & Maturity Schedule

($ millions)		Amount	Average Blended Rate
CD Originations and Renewals	**Jan 2020**	$518	1.72%
	Feb 2020	$537	1.73%
	Mar 2020	$574	1.10%
	Apr MTD	$773	0.83%
CD Maturity Schedule	**Q2 2020**	$1,460	1.98%
	Q3 2020	$1,265	2.19%
	Q4 2020	$893	1.91%
	Q1 2021	$1,001	1.68%

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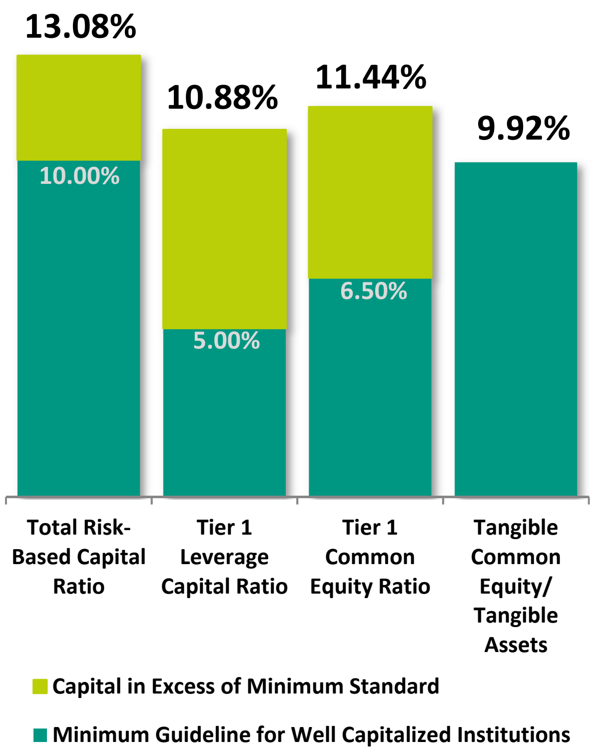
Strong Capital & Liquidity Positions

Robust Capital Position

(as of 3/31/2020)



Sufficient Liquidity Sources

03/31/2020 ($ Thousands)	Available Borrowing Capacity
FHLB Remaining Capacity	3,201,618
FRB Discount Window	762,103
Unsecured lines with other banks	320,000
Total Borrowing Capacity	**4,283,721**
Brokered Deposit Availability *(internal policy limit 15% of Total Assets)*	688,136
Investment Repo Line *(unpledged securities 95%)*	1,293,821

- ❑ No meaningful change in primary source of liquidity since COVID-19 Pandemic
- ❑ Full participation in FRB's PPP lending facility to fund PPP loan originations minimizes use of other secondary liquidity sources
- ❑ Closely monitoring liquidity position on a daily basis

Near-Term Outlook

- **Actively supporting customers' access and receipt of government's COVID-19 relief programs and funds**
- **Closely monitoring economy to mitigate COVID-19 risks to operations**
- **Continuation of positive operating trends**
  - Favorable shift in mix of deposits to lower-cost core deposits and decreasing deposit costs
  - Concentrated focus on expense management leading to improving efficiencies
  - Early identification and proactive management strategy to minimize COVID-19 impact on asset quality
- **Limiting guidance due to lack of visibility and uncertainty around severity and duration of the COVID-19 Pandemic**
- **Managing capital position to maintain sufficient capital to support clients and communities – *including prudent evaluation of quarterly dividend***

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

With HOPE, we will get through this Together

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2020 First Quarter Earnings Conference Call

Q&A