



Audit Committee Charter

Approved by the Audit
Committee on July 24, 2019 and
Ratified by the Board on July 25,
2019.

**Hope Bancorp
Bank of Hope**

AUDIT COMMITTEE CHARTER

Purpose and Authority

The Audit Committee (the "**Committee**") of the Board of Directors (the "**Board**") of Hope Bancorp and Bank of Hope (the "**Company**") is appointed by the Board to assist in fulfilling the Board's oversight responsibilities relating to auditing, accounting, and financial reporting. The Committee's primary duties and responsibilities are to:

- Provide oversight of the Company's accounting and financial reporting processes and the quality and integrity of the Company's financial statements and reports, including the Company's internal controls over financial reporting and disclosures;
- Appoint and approve the registered public accountants engaged as the Company's independent external auditor (the "**independent auditor**");
- Oversee the engagement, qualifications, independence, compensation, and performance of the independent auditor;
- Preapprove all audit, audit-related, tax, or other services, if any, to be provided by the independent auditor
- Prepare, or direct to be prepared, the audit committee report required by the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and the rules and regulations thereunder for inclusion in the Company's annual proxy statement;
- Provide oversight and monitoring of the Company's internal audit function;
- Be directly responsible for the hiring, annual performance evaluation, compensation, and oversight of the Company's chief audit executive (CAE);
- Provide an avenue of communication among the independent auditors, management, the internal auditors, and the Board; and
- Assume any other duties as delegated by the Board

Committee Membership

The Committee members are appointed annually by the Board and shall be comprised of three or more directors. All members must meet the independence and qualification requirements of the federal securities laws and applicable regulations as determined by the Securities Exchange Commission ("**SEC**"), the NASDAQ Stock Market ("**NASDAQ**") for NASDAQ listed issuers, the Federal Reserve System ("**FRB**"), Federal Deposit Insurance Company ("**FDIC**"), and the Public Company Accounting Oversight Board ("**PCAOB**").

All Committee members shall be financially literate, at least one member shall be a "financial expert" (as defined by SEC rules and regulations promulgated under the Sarbanes Oxley Act of

2002), and at least one member shall have accounting or related financial management expertise as determined by the Board.

Unless a Chair is elected by the Board, the members of the Committee shall appoint one of their members as the Chair.

Meetings

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. All committee members are expected to attend each meeting, in person or via tele- or video-conference. The Chair shall preside over the meeting. The Committee will meet at least annually with management, the Chief Audit Executive, and the independent auditors to discuss any matters that the Committee or any of these groups believes should be discussed privately. In addition, the Committee may request any other director, officer, or employee of the Company, any consultant of the Company, the Company's legal counsel or outside counsel, or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared.

Committee Responsibilities and Duties

Each member of the Committee shall perform his or her duties in good faith, in a manner he or she believes to be in the best interests of the Company and its stockholders and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. In discharging that obligation, members should be entitled to rely on the honesty and integrity of the Company's senior executives and its outside advisors and auditors to the fullest extent permitted by law.

To carry out its purposes, the Committee shall have the following duties and responsibilities:

Independent Auditors

1. Be directly responsible for the appointment, compensation, retention, discharge, and oversight of the work of the independent auditors, (including resolution of disagreements between management and the independent auditors regarding financial reporting matters). The independent auditor shall report directly to the Committee and the Company shall provide appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor;
2. Preapprove the engagement of the independent auditor for all audit and permissible non-audit related services, as required by applicable law. The Chair and any other member of the Committee to whom authority has been delegated shall have the authority in between meetings to pre-approve any audit or non-audit services, including fees, to be performed by the Company's independent auditors, provided that any such approvals are presented to the Committee for ratification at its next scheduled meeting;
3. Obtain and review, at least annually, a formal written statement from the independent auditor describing: (a) the independent auditor's internal quality control procedures; (b) any material issues raised by the independent auditor's most recent quality-control review

and steps taken to deal with such issues; and (c) all relationships between the independent auditor and the Company and/or its affiliates. The Committee will consider and discuss with the independent auditor any disclosed relationships or services that could affect the independent auditor's objectivity and independence and assess and take appropriate action to oversee the independence of the independent auditor. The Committee shall also discuss with the independent auditor any other matters to the extent required pursuant to applicable laws, regulations and/or auditing standards.

4. Discuss with the Company's independent auditors any significant issues arising from the most recent PCAOB inspection of the independent auditors, to the extent relevant to the Company, including the independent auditor's response to any identified accounting deficiencies;
5. Review and evaluate the qualifications, independence and performance of the Company's independent auditors, including the lead partner, taking into account the opinion of management and the CAE;
6. Review the timing and process for implementing the rotation of the lead audit partner, the concurring partner, and any other active audit engagement team partner of the Company's independent auditors in accordance with the rules and regulations of the SEC and consider whether there should be a rotation of the audit firm itself;
7. Approve hiring of employees or former employees of the Company's independent auditors in accordance with SEC regulation S-X;
8. Review with the Company's independent auditors the scope of the annual audit, the form of the opinion the independent auditors propose to render to the Board and the shareholders of the Company, and any reports issued in connection with the audit.

Financial Statements and Reporting

1. Review and discuss with management and the independent auditor: (a) the annual audited consolidated financial statements included within the Company's Securities and Exchange Commission ("SEC") Form 10-K filings; (b) the quarterly interim financial statements included within the Company's SEC Form 10-Q filings; (c) the Company's earnings releases, (d) any other matters required to be communicated by the independent auditor under applicable law or accounting standards, and (e) as the Committee deems to be appropriate, financial information and earnings guidance to be provided to analysts, rating agencies, investors and the public. The Committee shall recommend to the Board whether the Company's financial statements should be included in its annual Form 10-K filing.
2. As required by Section 10A of the Exchange Act, review a report provided by the Company's independent auditors in connection with any audit of the Company's financial statements required under the securities laws, prior to each filing of the audit report describing (a) all critical accounting policies and practices, (b) all alternative accounting treatments of financial information within generally accepted accounting principles, and material written communications between the independent auditors and management including the ramifications of the use of such alternative treatments and disclosures and the treatment preferred by the accounting firm, and (c) other material written communications between the accounting firm and management;
3. Review with the Company's independent auditors' changes in accounting standards or rules promulgated by the Financial Accounting Standards Board, the SEC, and other regulatory bodies that could materially impact the Company's financial statements.

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4. Consider any reports or communications (and management's and/or the internal audit department's responses thereto) submitted to the Committee by the Company's independent auditors required by or referred to in applicable PCAOB or other applicable standards
 5. Meet with management, the independent auditors and the Chief Audit Executive to:
 - a. discuss any significant matters arising from any audit, including any audit problems or difficulties, whether raised by management, Internal Audit or the independent auditors, relating to the Company's financial statements;
 - b. discuss any difficulties the independent auditors encountered during course of the audit, including any scope restrictions or other restrictions on their activities or access to requested information and any significant disagreements with management;
 - c. review with the independent auditor any management or internal control letter issued or, to the extent practicable, proposed to be issued by the independent auditor and management's response, if any, to such letter.
 6. Review the Company's annual proxy statement and prepare the audit committee report required by the rules of the SEC to be included in the Company's annual proxy statement.

Accounting and Internal Controls

1. Inquire of the Company's chief executive officer and chief financial officer as to the existence of any significant deficiencies or material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information and as to the existence of any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting;
2. Periodically review and discuss with management and the independent auditor the adequacy and effectiveness of the Company's disclosure controls and procedures and internal controls over financial reporting, including any material weaknesses, significant deficiencies, significant changes in controls, and disclosures relating thereto. The Committee shall also review and discuss any management assertions or certifications relating to such controls that may be included in the Company's Form 10-K and/or 10-Q filings.
3. Review reports from management relating to the Company's internal controls over financial reporting
4. Discuss the extent to which the independent auditors intend to rely upon the Company's internal auditors in the audit
5. Review examination reports (or summaries thereof) of the FRB, FDIC, and/or any other applicable federal or state regulatory agency or authority or self-regulatory body relating to the Company's internal controls over financial reporting, financial statements or accounting policies, as the Committee deems to be appropriate
6. Review reports from management regarding significant initiatives that could materially impact the Company's internal controls over financial reporting, financial statements or accounting policies, as the Committee deems to be appropriate.
7. Review reports from management regarding the remediation of significant deficiencies or material weaknesses in internal controls over financial reporting, or adverse internal or

external examination findings regarding the Company's accounting and internal controls, as the Committee deems to be appropriate.

8. As the Committee determines appropriate, review and discuss with management and the independent auditor any legal, regulatory, compliance, operational, technology, information security, financial, financial reporting or other issues that reasonably could be expected to have a material effect on the Company's financial statements and/or internal controls
9. Review the ethical compliance of the Company, including its Code of Business Conduct and any issues that may arise thereunder. The Committee shall review and discuss with management any material ethical violations or issues, and any investigations of such violations or issues. The Committee may also conduct its own investigations of any suspected improprieties, without consulting in advance, or obtaining the approval, of the Board or management.
10. Establish policies and procedures for the receipt, retention and treatment of complaints or matters relating to internal controls over financial reporting, financial statements or accounting policies whether from internal or external sources (including processes for the confidential, anonymous submission by Company employees regarding questionable accounting or auditing matters), as well as reporting of certain compliance matters, including violations of the code of conduct and allegations of fraud or corruption.

Internal Audit

1. Provide oversight to the Internal Audit function
2. Review and approve the annual internal audit plan and all major changes to the plan, and the overall risk assessment methodology.
3. Review the internal audit activity's performance relative to its plan.
4. Review and approve with the CAE the internal audit budget, resource plan, activities, and organizational structure of the internal audit function.
5. Review all internal audit reports with a focus on areas rated less than satisfactory.
6. Review audit issue information and discuss any significant internal audit findings that have been reported to management, management's responses, and the progress of the related corrective action plans.
7. Appoint, replace, and dismiss the Company's chief audit executive, and approve the CAE's administrative reporting line. The Committee shall also be responsible for the CAE's performance objectives, appraisal, development plan, and compensation
8. Ensure there are no unjustified restrictions or limitations placed upon the Internal Audit function that impede the ability of Internal Audit to execute its responsibilities
9. Review the effectiveness of the internal audit function, including conformance with The Institute of Internal Auditors' *Definition of Internal Auditing*, *Code of Ethics*, and the *International Standards for Professional Practice of Internal Auditing*, and ensure that internal audit is and remains independent.
10. Review results of internal and external quality assurance reviews.
11. Discuss on a periodic basis information on significant industry and Company trends in risks and controls
12. Review significant changes in audit staffing levels and internal audit processes, including a periodic review of key internal audit practices
13. Discuss the adequacy of risk management processes

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14. Approve all significant aspects of outsourcing arrangements for internal audit. Internal audit is responsible for the scope, quality, and deliverables of work performed by its outsourced providers and will report identified audit deficiencies in a manner consistent with those provided by internal audit.
 15. Review and approve the Internal Audit Charter.

Communications and Other Responsibilities

1. Maintain an open avenue of communication between the Committee, the independent auditor, management, and its internal auditor. The Committee shall meet periodically in separate sessions with the independent auditor, the Chief Audit Executive, and senior management (as necessary) to discuss any matters that the Committee or any such individual believes should be discussed privately with the Committee.
2. Perform other responsibilities expressly delegated to the Committee by the Board from time to time relating to auditing, accounting or internal control issues
3. Report regularly to the Board with respect to the activities of the Committee and make recommendations with respect to the above and other matters as the Committee may deem necessary or appropriate
4. Approve management's Sarbanes Oxley and Disclosure committee charters
5. Review and assess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
6. Conduct an annual effectiveness evaluation, comparing the performance of the Committee with the requirements of this charter. The evaluation should also recommend any improvements to this charter deemed necessary or desirable by the Committee. The results of the evaluation shall be conducted in such manner as the Chair deems appropriate and shall be reported to the Board orally or in writing

Resources and Authority of the Committee

The Committee shall have direct access to and complete and open communications with, and may obtain advice and assistance from management. The Committee shall have the resources, funding and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate and approve the fees and other retention terms of any consultants or advisors (including special or independent counsel, accountants or other experts) as it deems necessary or appropriate to aid in the performance of its responsibilities, without seeking approval of the Board or management.

The Company shall provide for appropriate funding, as determined by the Committee, in its capacity as a Committee of the Board for payment of (but not limited to) the following:

1. Compensation to the independent auditors and any other public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attestation services for the Company;
2. Compensation of any consultants or advisors (including special or independent counsel) employed by the Committee; and
3. Ordinary administrative expenses of the Committee as it deems necessary or appropriate in carrying out its responsibilities.

Delegation of Pre-Approval Authority

The Committee has delegated to the Committee Chair, and may, in its discretion, delegate to one or more other members, the authority to pre-approve any audit or non-audit services, provided that any such approvals are presented to the Committee for ratification at its next scheduled meeting.

Limitations of the Audit Committee Role

Because the purposes and responsibilities of the Committee may overlap with or relate to the purposes and responsibilities of other committees of the Board, the Committee Chair and the chairpersons of such other committees may liaise and decide how to coordinate the activities of the relevant committees, through joint meetings, overlapping committee memberships, the sharing of information and reports or otherwise.

The independent auditor and internal audit personnel are or shall be ultimately accountable to the Committee, in its capacity as a Committee of the Board, and to the full Board. While the Committee has the oversight, supervisory and other powers and responsibilities set forth in this Charter, it is not the responsibility of the Committee to plan or conduct audits, to implement internal controls, or to determine or certify that the Company's financial statements are complete and accurate or are in compliance with GAAP. It shall be management's responsibility to prepare the Company's consolidated financial statements, periodic reports and to establish and maintain appropriate internal controls over financial reporting. Management is responsible for maintaining appropriate accounting and financial reporting policies and internal and disclosure controls and procedures that provide for compliance with accounting standards and applicable laws and regulations. It is the independent auditor's responsibility to audit the consolidated financial statements and the effectiveness of internal controls over financial reporting.

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