

Hope Bancorp, Inc. NasdaqGS:HOPE

Shareholder/Analyst Call

Tuesday, June 09, 2020 6:30 PM GMT

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Call Participants

EXECUTIVES

Angie Yang

*Senior VP and Director of IR &
Corporate Communications*

Kevin Sung Kim

Chairman, President & CEO

Lisa Kim Pai

Executive VP & General Counsel

Presentation

Operator

Hello. And welcome to the annual Meeting of Stockholders of Hope Bancorp, Inc. Please note that today's meeting is being recorded. Following the company presentation, there will be a question-and-answer session. [Operator Instructions].

It is now my pleasure to turn today's meeting over to Chairman, President and CEO of Hope Bancorp, Mr. Kevin S. Kim. Mr. Kim, the floor is yours.

Kevin Sung Kim

Chairman, President & CEO

Good morning, stockholders, ladies and gentlemen. It's my pleasure to welcome you to the Hope Bancorp, Inc. 2020 Annual Meeting of Stockholders. In light of the public health concerns as a result of the COVID-19 pandemic, this year's annual meeting is being conducted solely online via a live webcast.

On behalf of my colleagues and the Board of Directors, I would like to thank all of our stockholders and our communities for the overwhelming trust through the years. Thanks to your gracious support and the patronage of our customers, we stand proud today as one of the leading Asian-American banks in the nation. Our directors are all present today, participating virtually through our online platform, and let me introduce them briefly. Mr. Scott Yoon-Suk Whang is our lead independent Director, and he chairs the Nomination and Governance Committee. Mr. Steven Koh is our Honorary Chairman of the Board. Mr. Chung Hyun Lee is an independent Director and he chairs the Director's Loan Committee. Mr. Jin Chul Jhung is an independent Director. Mr. Donald Byun is an independent director. Mr. John Taylor is an independent Director, and he chairs the Audit Committee. Ms. Daisy Ha is an independent director. Mr. David Malone is an Executive Director, serving as President and Chief Operating Officer of Bank of Hope. Mr. Dale Zuehls is an independent Director, and he chairs the Human Resources and Compensation Committee. Mr. William Lewis is an independent director and he chairs the Board Risk Committee. Mr. Jinho Doo is an independent director. Mr. James Hwang is an independent Director, and he chairs the Board IT Committee. Mr. Joon Kim is our newest member of the Board, having been appointed effective October of 2019. He is an independent director standing for election to the Board of Directors by our stockholders for the first time this year.

And lastly, we sincerely thank Mr. Steven Didion for his valued services over the past several years. Mr. Didion has elected not to stand for reelection this year. On behalf of our entire Board of Directors, I reiterate our commitment to serve the best interest of our stockholders and all of our stakeholders. All together with the leadership of our executive management team, I firmly believe we are well equipped to lead Bank of Hope through the challenges of today's environment.

Now it's 10:33 a.m. Pacific Time. And as Chairman, President and CEO of Hope Bancorp, I would now like to call the whole Bancorp 2020 Annual Meeting of Stockholders to order. At this point, let me ask Hope Bancorp's General Counsel, Ms. Lisa Pai, who will serve as Secretary of this annual meeting to conduct the formal business of today's virtual meeting of stockholders.

Lisa Kim Pai

Executive VP & General Counsel

Thank you, Chairman Kim. Please be advised that following the formal business of the 2020 Annual Meeting of Stockholders, the Chairman, President and CEO, will present a brief corporate presentation, after which we will hold a question-and-answer session. [Operator Instructions].

The Board has selected Ms. Angie Yang, our Director of Investor Relations and Corporate Communications, to serve as the Inspector of Elections for this meeting. Ms. Yang is present today to count and certify the votes cast by proxy or in person via the Internet for the purpose of quorum and voting. If you need a copy of the proxy statement or annual report on Form 10-K, the links are provided online.

It is currently 10:34 a.m. Pacific Time, and the polls are now officially open. We'll close the polls in a few minutes after all votes cast online have been counted. Most of you have already voted online or sent in your votes by proxy. If you don't wish to change your previous vote, no further action is required. If, however, you have not voted yet and wish to vote in

person via the Internet at the meeting today, you may do so now by clicking on the link provided online. You will need your control number included in your notice or proxy card to cast your vote. If you wish to change your previous vote, you may also do so by clicking on the link provided online.

The minutes of last year's annual meeting are available and any stockholder wishing to inspect the minutes may submit a request to me by e-mail at liza.pai@bankofhope.com. A list of stockholders entitled to vote at this meeting is available for examination by any stockholder desiring to do so by clicking on the link provided online. We have not received notice from any stockholders, as required under our bylaws, of any other matters to be considered at today's meeting. Therefore, no other proposals may be introduced by stockholders at this time.

It is now 10:36 a.m. Pacific Time, and the online polls for voting are now closed. This meeting is being held pursuant to the call of the Board of Directors and the legal notice of the meeting, which was included as part of the proxy statement and was delivered by notice and access on/or about May 15, 2020. A copy of the legal notice and the affidavit of mailing will be incorporated into the minutes of this meeting. All stockholders, as of the meeting record date of April 22, 2020, are entitled to vote today. We now need to establish that there is a quorum to start this meeting. A quorum is established by the presence at the meeting, either by proxy or in person via the Internet of more than 50% of the outstanding shares.

Our inspector of elections, Ms. Angie Yang, has certified to me the following: The total number of outstanding shares as of April 22, 2020 and entitled to vote at this meeting is 123,169,404 shares. The preliminary count of shares voting at this meeting, either in person via Internet or cast by proxy, is at least 109,286,091 shares which represents approximately 88.7% of total shares outstanding and entitled to vote. Accordingly, we have a quorum for the transaction of business at this meeting.

Now we will proceed with voting on each of the proposals that were described in the proxy statement. The first proposal is the election of directors to serve on the Hope Bancorp Board of Directors until the next annual meeting of stockholders and until their successors are duly elected and qualified. Ms. Yang has certified to me that the following 14 nominees have received the highest number of votes, which account for an affirmative majority of the votes cast: Mr. Donald Byun, Mr. Jinho Doo, Ms. Daisy Ha, Mr. James Hwang, Mr. Jin Chul Jhung, Mr. Joon Kim, Mr. Kevin Kim, Mr. Steven Koh, Mr. Chung Hyun Lee, Mr. William Lewis, Mr. David Malone, Mr. John Taylor, Mr. Scott Whang and Mr. Dale Zuehls. Accordingly, all 14 nominees have been elected to the Board of Directors to serve until next year's annual stockholders' meeting. Congratulations to all of you.

The second proposal, the ratification of Crowe LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2020. Ms. Yang has certified to me that based on preliminary reports from our tabulating agent, we received 108,986,509 votes in favor of proposal 2, which equal approximately 99.7% of the shares represented and entitled to vote at this meeting. Accordingly, the selection of Crowe LLP has been ratified by the stockholders.

The third and final proposal is the advisory and nonbinding approval of the compensation paid to our named executive officers as described in the proxy statement. Ms. Yang has certified to me that based on preliminary reports from our tabulating agent, 97,858,306 shares approved proposal 3, which equal approximately 97.5% of shares represented and entitled to vote at this meeting. Accordingly, the stockholders have provided an advisory and nonbinding approval of the executive compensation as described in the proxy statement.

As there is no further business to be brought before this meeting, we will now adjourn the Hope Bancorp 2020 Annual Meeting of Stockholders at 10:40 a.m. Pacific Time. Now I would like to turn the meeting back to our Chairman, President and CEO, Mr. Kevin Kim, for a corporate presentation before we open up the call for a question-and-answer session.

Kevin Sung Kim
Chairman, President & CEO

Thank you, Lisa. 2019 was a successful year for Hope Bancorp, as demonstrated by consistent execution on our strategic priorities for enhancing the value of the Bank of Hope franchise.

First and foremost, we dramatically improved the composition of our deposits, enabling us to significantly reduce our dependence on higher-costing time deposits. This contributed to a plateau in deposit costs by midyear, after which we saw significant declines for the balance of the year. Second, with a firm commitment to enhancing efficiencies throughout our organization, we were able to reduce our noninterest expense as a percentage of average assets to 1.86% for the full year, down from 1.88% in the prior year. Third, the investments we have been making in our lending capabilities began to pay off, and we generated strong loan origination volumes for the year, represented by a well-diversified mix of CRE, C&I

and consumer loans. And fourth, we had another year of the effective capital management. Through our stock repurchase program and attractive dividend, we returned \$84.7 million of capital to our stockholders in 2019, while maintaining strong capital ratios to support future growth.

At year-end 2019, loans receivable increased to \$12.3 billion; total deposits increased to \$12.5 billion; and total assets increased to \$15.7 billion. In terms of our earnings performance, we generated revenues of \$467 million for 2019, reflecting the impact of a declining interest rate environment. Nevertheless, we continue to deliver a relatively high level of profitability with net income for the year of \$171 million.

In terms of enhancing shareholder returns, we maintained an attractive dividend despite the challenging interest rate environment. And we launched a new \$50 million share buyback program during the year, which we completed in the first quarter of 2020. While returning a high level of capital to our stockholders, Hope Bancorp's capital ratios continue to remain considerably above the regulatory guidelines to be considered a well-capitalized financial institution. Bank of Hope is cemented as the representative bank of the Korean-American community, with our total assets, total net loans and total deposits accounting for 50% or greater of the aggregate of all Korean American banks across the United States. This truly makes us unique in that this organization cannot be replicated by any combination of our niche peers in terms of size, geographic presence or capabilities.

As we entered 2020, our key strategic priorities included better deposit gathering and cost management, better efficiencies through expense containment, focus on loan growth and better loan yields and a continuation of strong capital management. The onset of the COVID-19 pandemic and the resulting impact on the interest rates and businesses have certainly created the most challenging operating environment of our lifetime. But we have managed our bank relatively well to date under these unprecedented circumstances, and I have great faith in our people and the Bank of Hope organization. With Hope, we will get through this together.

Ladies and gentlemen, Bank of Hope is well positioned as one of the leading Asian-American banks in the country with solid presence in all the top targeted geographic markets. We remain 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 no matter what lies ahead. On behalf of the entire Board of Directors and the executive management team at Bank of Hope, we express our deepest appreciation to all of our employees for their dedication and tireless efforts, our customers for their loyal patronage and our stockholders for their ongoing trust and support. Thank you.

With that, our Chief Financial Officer, Alex Ko, and I will open up the floor for a question-and-answer session, which will be moderated by Ms. Angie Yang. [Operator Instructions].

Angie Yang

Senior VP and Director of IR & Corporate Communications

Chairman Kim, I see no questions in the queue.

Kevin Sung Kim

Chairman, President & CEO

Since there are no questions, I would like to again thank you for joining us today for Hope Bancorp's 2020 Virtual Annual Meeting of Stockholders. Please stay safe and healthy, and we look forward to seeing you at next year's annual meeting. Thank you, and goodbye.

Operator

This concludes the meeting, and you may now disconnect.

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