



# 2018 Sandler O'Neill West Coast Financial Services Conference

Tuesday, March 6, 2018

San Diego, Calif.

# 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, the Company's outlook and expectations with respect to the implementation of the Tax Act, effective January 1, 2018, including the impact of the Tax Act on the Company's DTA and investments in LIHTC, the impact of the revaluation on the Company's 2017 fourth quarter results and the anticipated impact of the Tax Act on the Company's future earnings 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; 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.*

# Company Profile Today

- **Only super regional Korean-American bank in the nation**

- 3<sup>rd</sup> largest Asian-American bank in the U.S.<sup>1</sup>
- 6<sup>th</sup> largest bank headquartered in Los Angeles<sup>1</sup>
- 85<sup>th</sup> largest financial institution in the U.S.<sup>2</sup>
- Highest lending capacity among niche peers
- Top 20 SBA lender in the country by volume
- 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 – Six Years in a Row

Hope Bancorp, Inc. (as of 12/31/2017)	
Total Assets	\$14.2 billion
Loans Receivable	\$11.1 billion
Total Deposits	\$10.8 billion

- **Leading national presence with full-service branch operations in 9 states** – *strategically located in high density Asian-American communities*

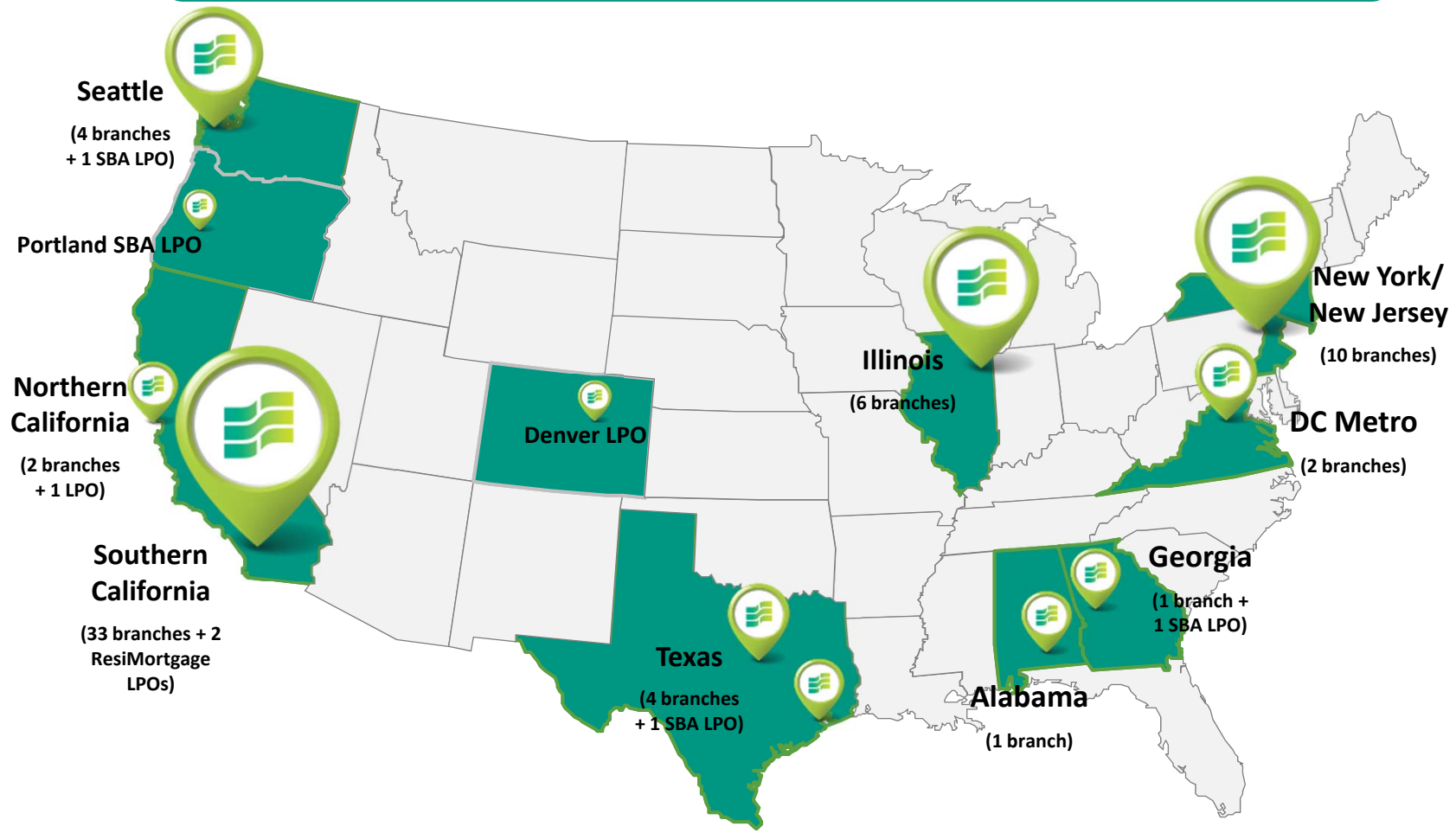
- Presence in 2 additional states with specialized Loan Production Offices
- Dominant bank of Korean-American deposits in all core geographic markets

- **Seasoned and experienced management and board**
- **Most comprehensive product offering among peers**
- **Publicly traded on Nasdaq since 1998**



# National Geographic Presence

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



# *Transformation to a* Diversified Financial Institution

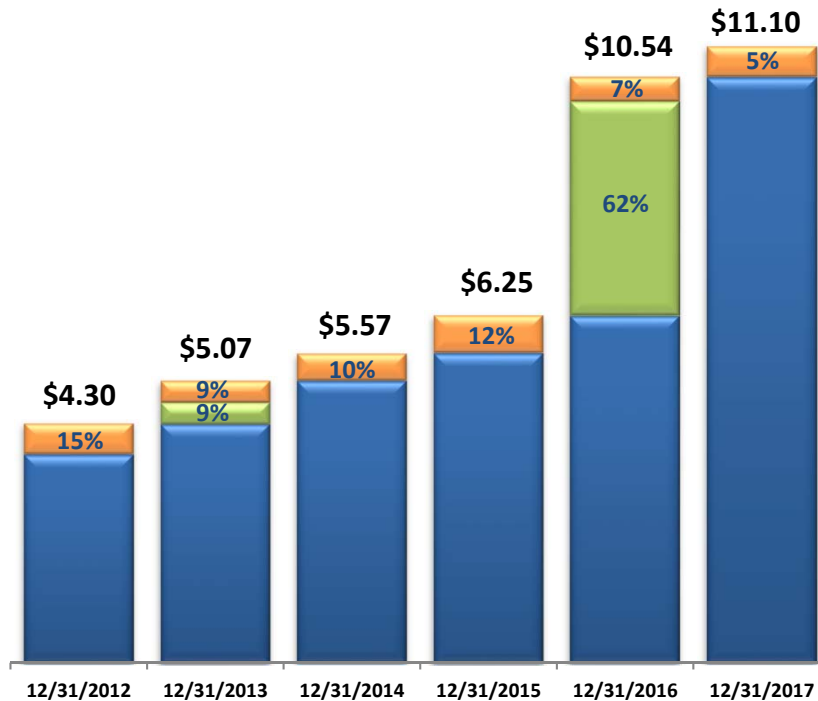


# Solid History of Organic Loan Growth

- *Supplemented by Strategic Growth* -

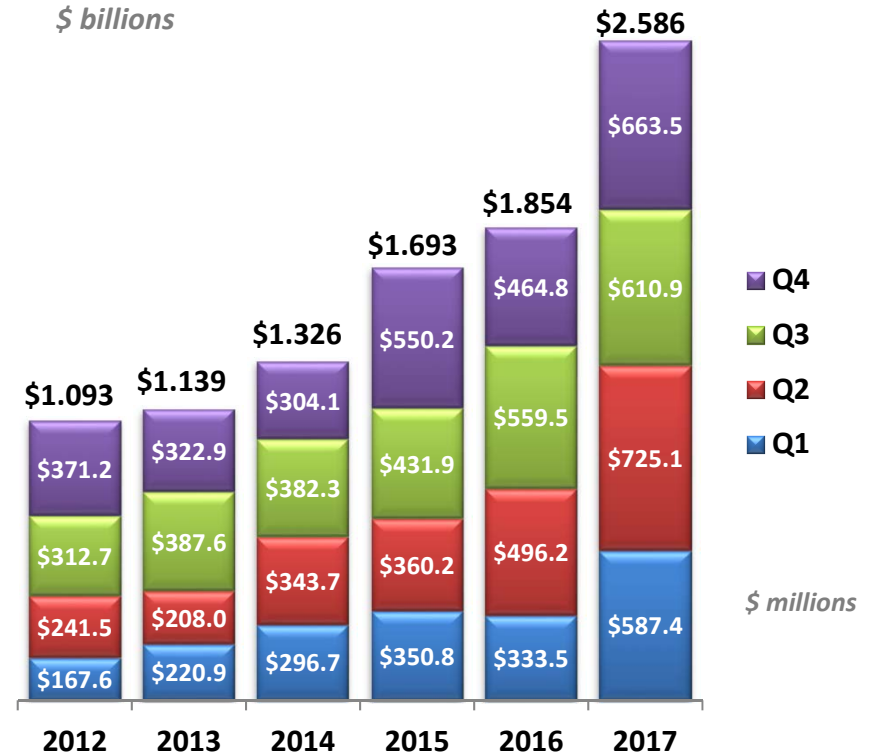
## Loans Receivable

\$ billions



## New Loan Originations

\$ billions



Note: Effective 3Q 2017, new loan originations includes disbursements of construction loans previously committed to in another quarter but funded in the current quarter.

# Q4 2017 Financial Highlights

## Solid Profitability *(excluding tax reform)*

- ✓ Q4 2017 financial results include a one-time, non-cash incremental income tax expense of \$25.4 million from the revaluation of deferred tax asset and liabilities (DTA) and low income housing tax credit (LIHTC) investments due to Tax Cuts and Jobs Act
- ✓ Net income totaled \$18.0 million, or \$0.13 per diluted common share; or \$43.4 million, or \$0.32 per diluted common share excluding the impact of tax reform <sup>1</sup>
- ✓ Net interest margin expanded 1 basis point to 3.84%; benefiting from additional discount accretion income of \$3.0 million that was one-time in nature
- ✓ Higher level of noninterest expenses, reflecting a number of factors
  - ✓ Core: Approximately \$2.0 million increase in salaries and employee benefits expense due to higher FTE count
  - ✓ Non-core:
    - ✓ \$1.0 million BOLI reassessment expense
    - ✓ \$3.3 million LIHTC impairment
    - ✓ \$2.2 million special project-related expenses
  - ✓ \$3.6 million swing in credit related expenses due to \$2.8 million reversal in off-balance sheet provision for unfunded loan commitments recognized in Q3 2017

## Loan Momentum

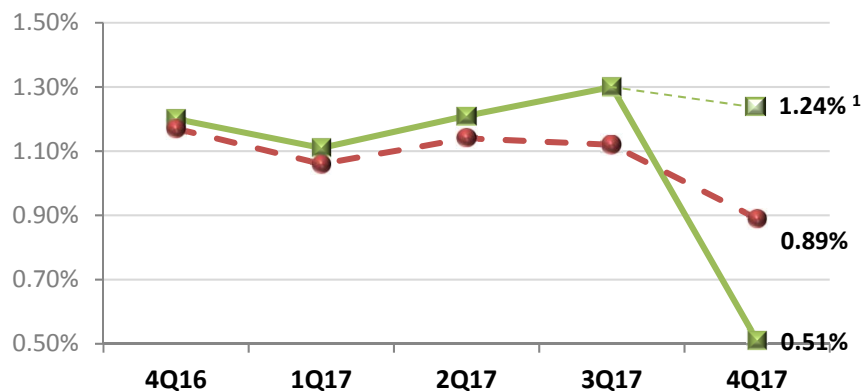
- ✓ New loan originations of \$664 million topped Q3 volume of \$611 million
- ✓ Favorable mix of loan originations continued with 58% CRE, 29% consumer and 13% C&I
  - ✓ Mortgage platform delivered record direct consumer originations of \$193 million
- ✓ Average rate on new loans trended higher for each product type

## Stable Credit

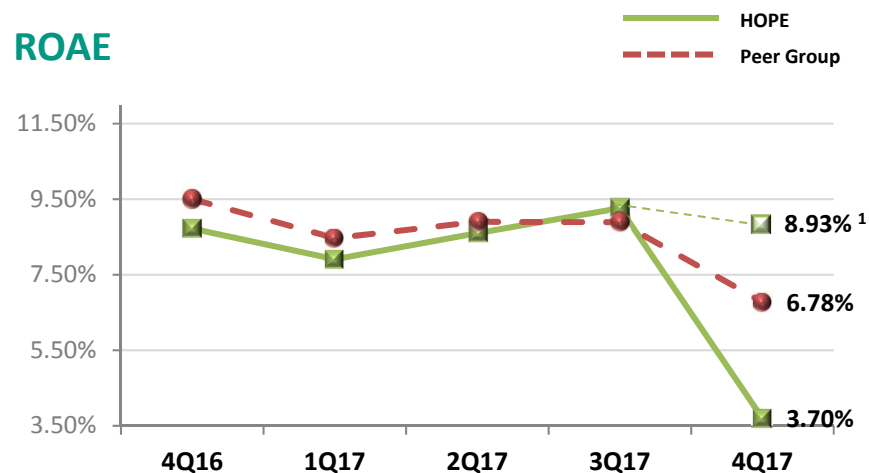
- ✓ General asset quality trends stable to improving
- ✓ Total loss experience continues to be very low, with annualized net charge offs of 10 bps

# Profitability Measurements

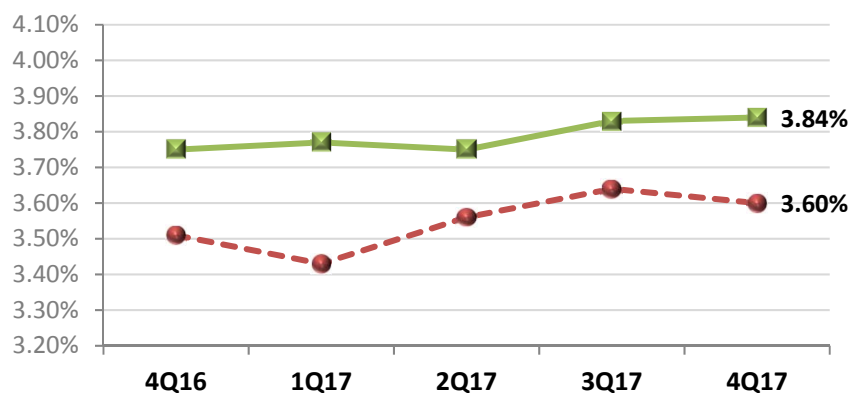
## ROAA



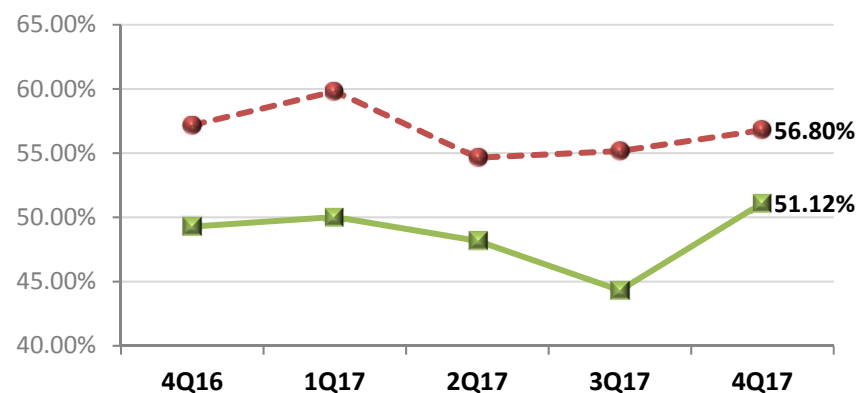
## ROAE



## Net Interest Margin



## Efficiency Ratio



Note: Peer Group includes continental U.S. commercial banks with total assets between 70% and 200% of legacy Bank of Hope as of 12/31/16, excluding banks with extremely aberrant balance sheet structures and banks in Alaska, Hawaii & Puerto Rico.

Source: S&P Global

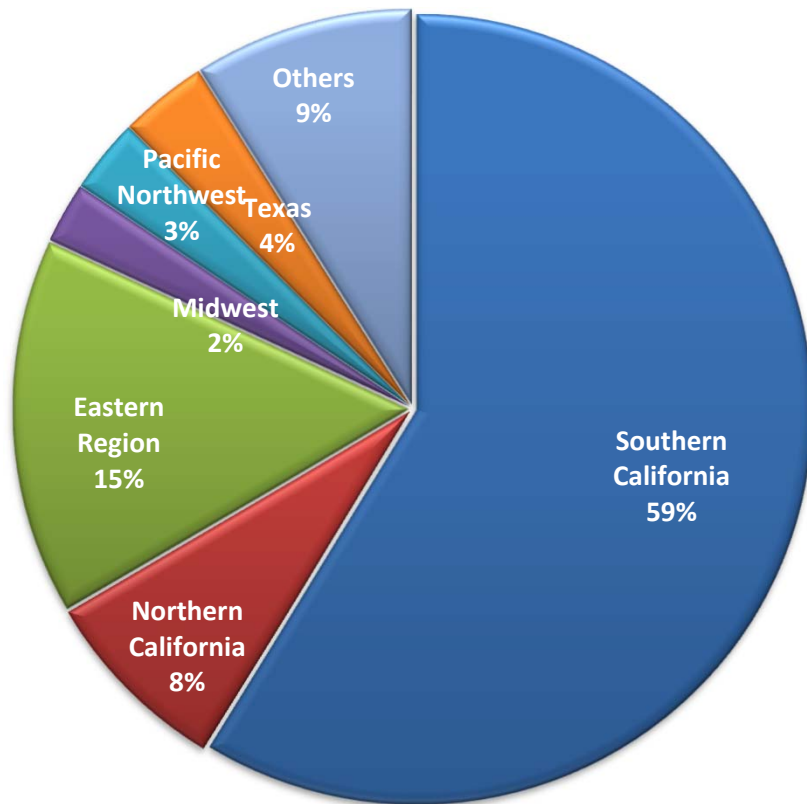
<sup>1</sup> ROAA and ROAE excluding tax reform adjustments are non-GAAP financial measures. See the reconciliation of the GAAP to non-GAAP financial measures in Appendix slide 23.



# Loan Portfolio by Region

**\$11.10 Billion**

(as of 12/31/2017)



## 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

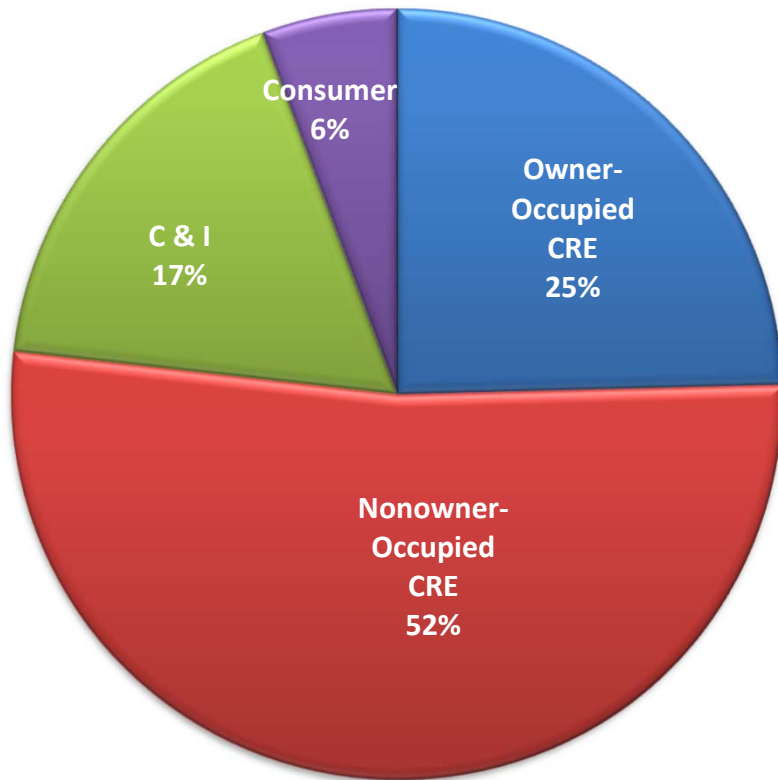
- **2016:** Expanded into Texas, Georgia and Alabama through merger with Wilshire Bancorp

*Diverse national footprint spreads credit risk and provides greater growth opportunities*

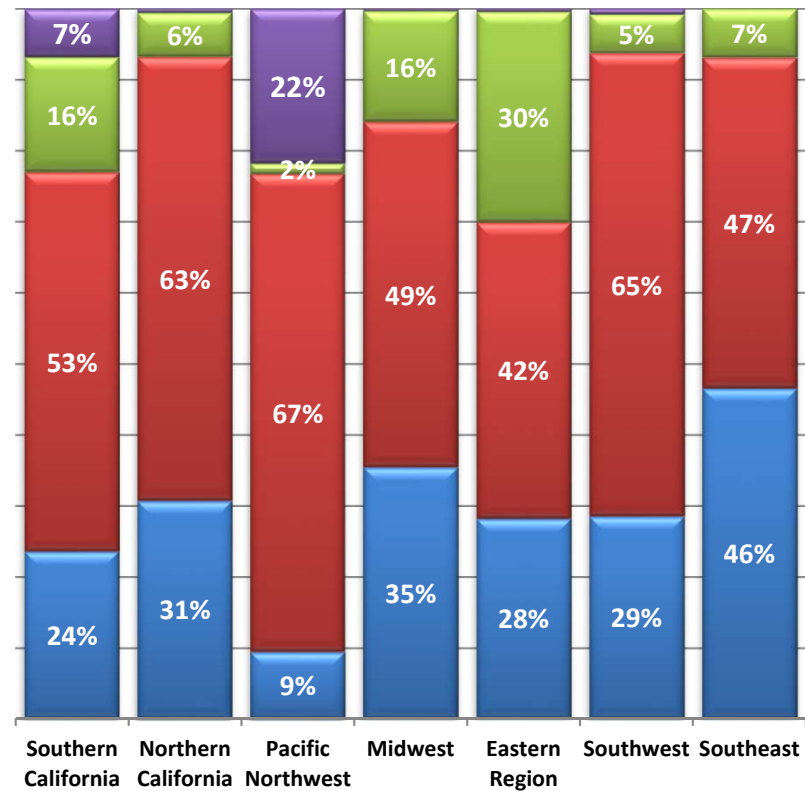
# Loan Portfolio Composition

**\$11.10 Billion Total Portfolio**

*(as of 12/31/2017)*



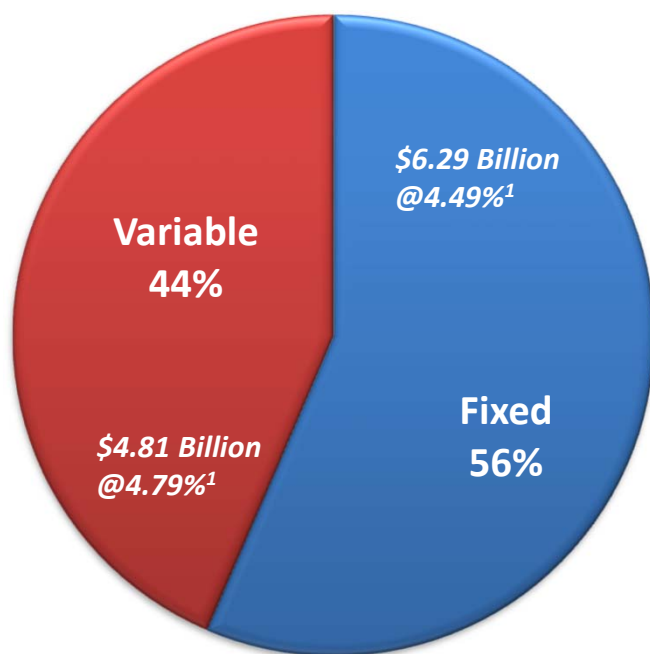
**Portfolio Composition by Region**



**\$7,934    \$316    \$340    \$216    \$1,983    \$274    \$39**  
(\$ Millions)

# Loan Portfolio Rate Sensitivity

## Loan Rate Mix



Loans with Floors  
\$29.41 Million  
Weighted Avg. Rate of 5.40%

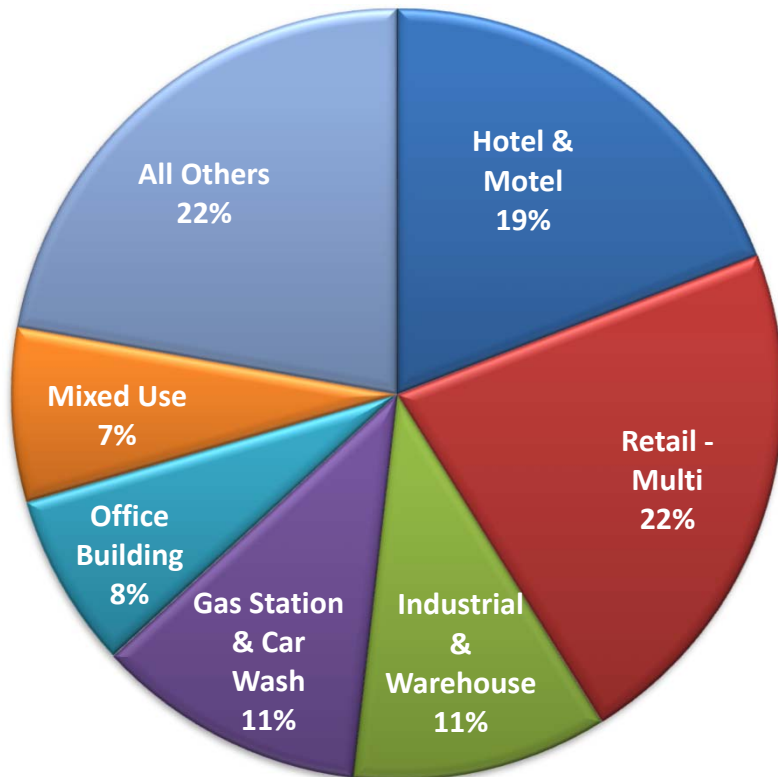
## Distribution by Loan Type

Loan Type	Outstanding (\$ millions)	Avg Size (\$ thousands)	Avg Yield
CRE	\$8,508	\$1,393	4.67%
C&I	\$1,948	\$358	4.72%
Other (Consumer)	\$647	\$373	3.69%
<b>Total Loans Outstanding</b>	<b>\$11,103</b>		

# CRE Portfolio

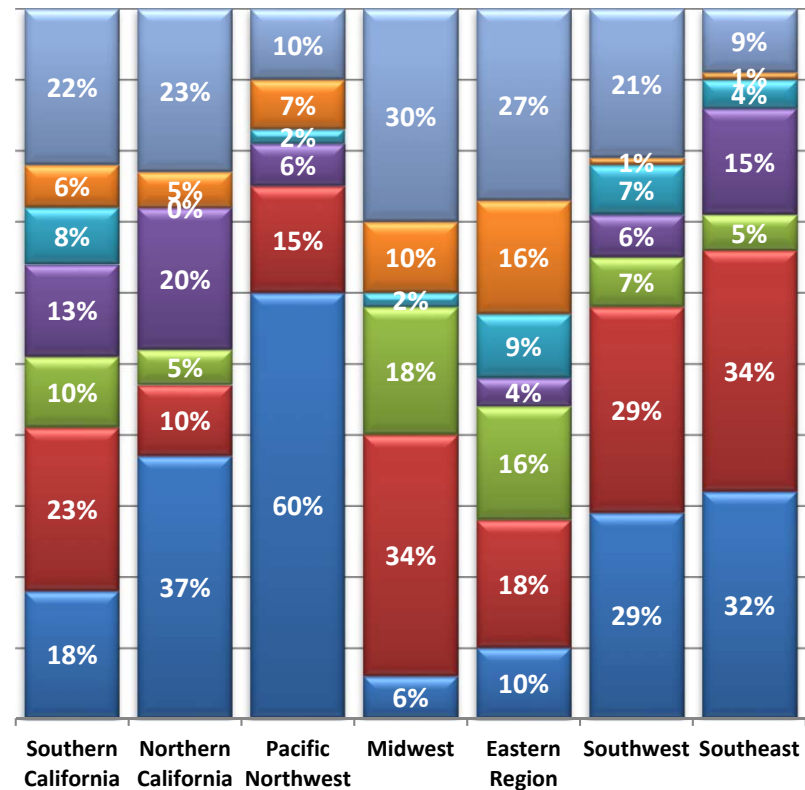
as of 12/31/2017

## \$8.51 Billion Total Portfolio by Property Type



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

## Property Type by Region

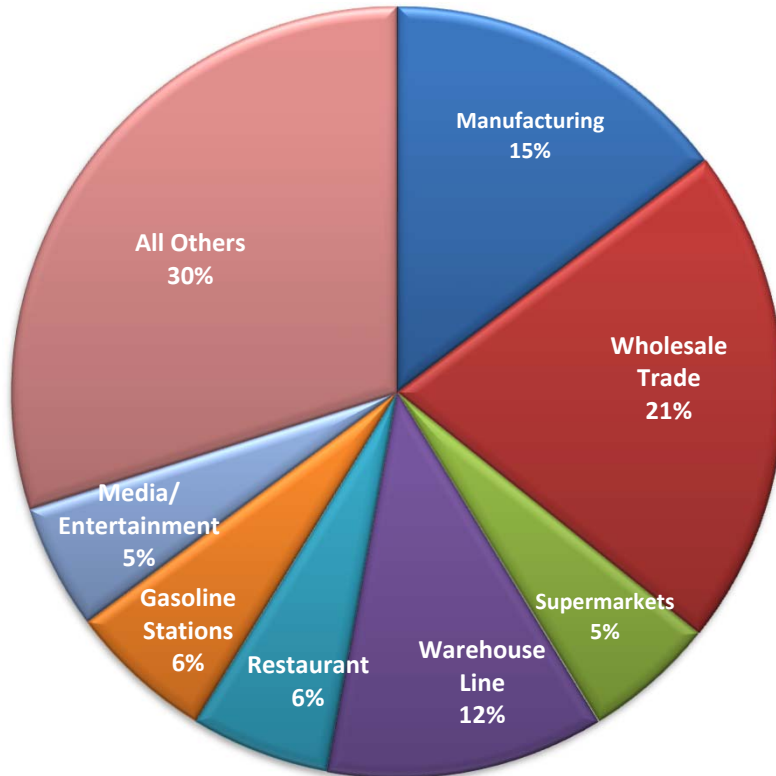


71.65% 3.45% 3.07% 2.13% 16.26% 3.01% 0.43%  
as a % of Total CRE Portfolio

# C&I Portfolio

as of 12/31/2017

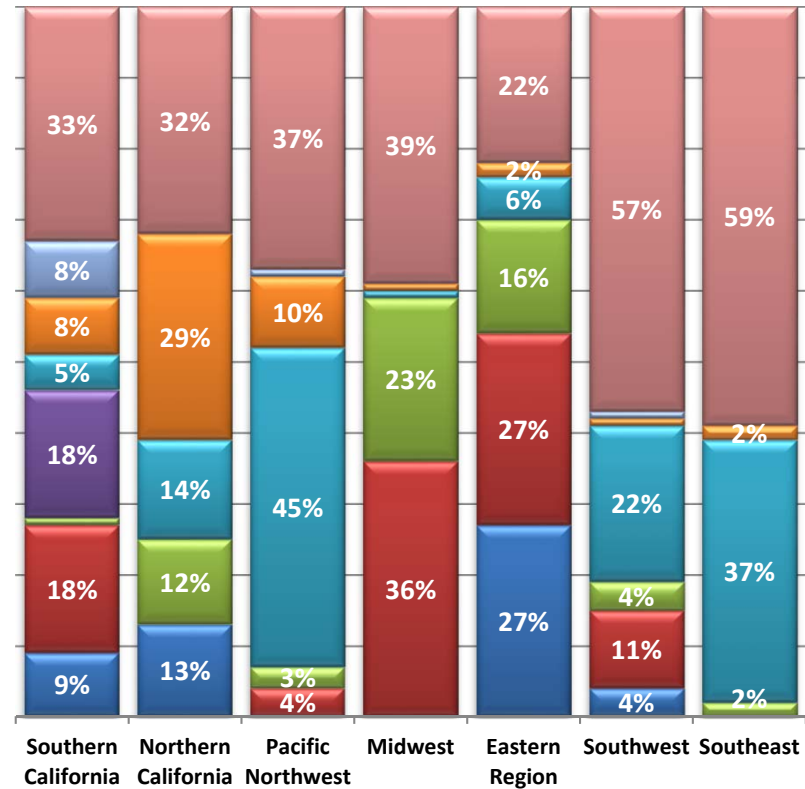
**\$1.95 Billion Total Portfolio  
by Industry**



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



**Industry  
by Region**

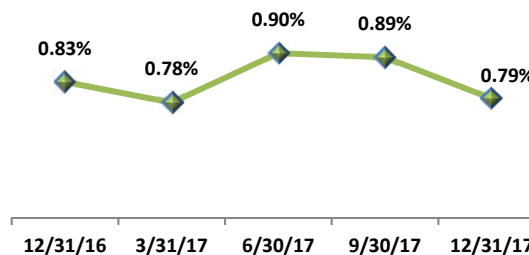


**65.89% 1.00% 0.25% 1.73% 30.22% 0.77% 0.14%**  
as a % of Total C&I Portfolio

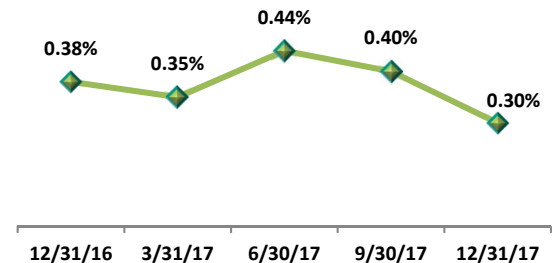
# Stable to Improving Asset Quality Trends

- General stability to improvement in asset quality trends
- Nonaccrual loans declined by \$10 million, or 23%, from 9/30/17
- OREO reduction of \$6.4 million, or 37%, reflect progress working through portfolio
- Total nonperforming assets to total assets declined 10 basis points to 0.79%
- Total loss experience continues to be very low, with annualized net charge offs of 10 basis points for Q4 2017

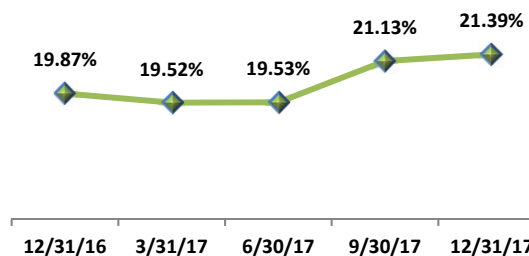
**Nonperforming Assets to Total Assets**



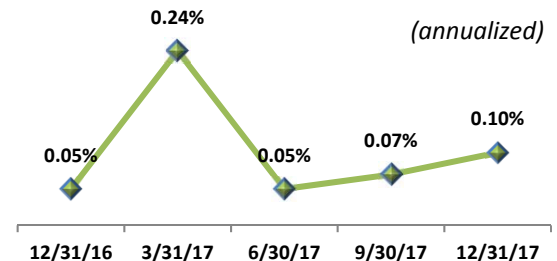
**Nonaccrual Loans to Total Loans**



**Classified Loans to Tier-1 Capital + ALLL**



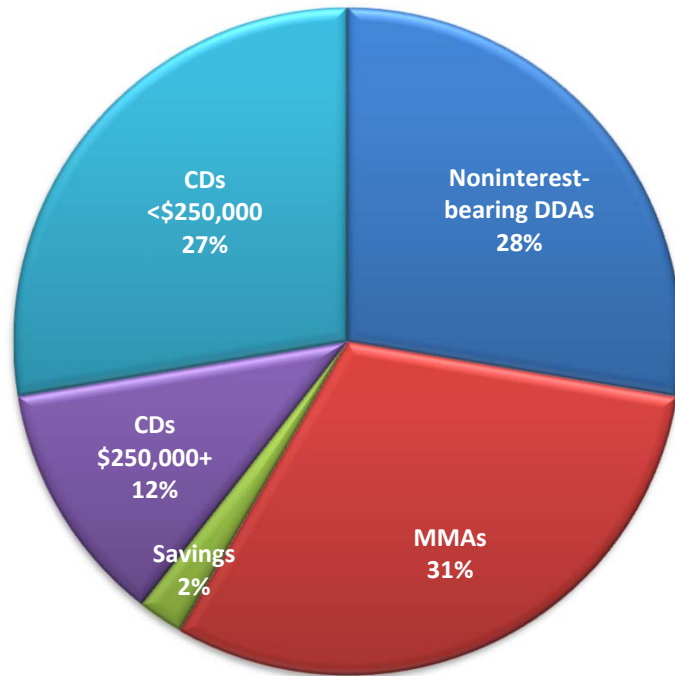
**Net Charge Offs to Average Loans Receivable** (annualized)



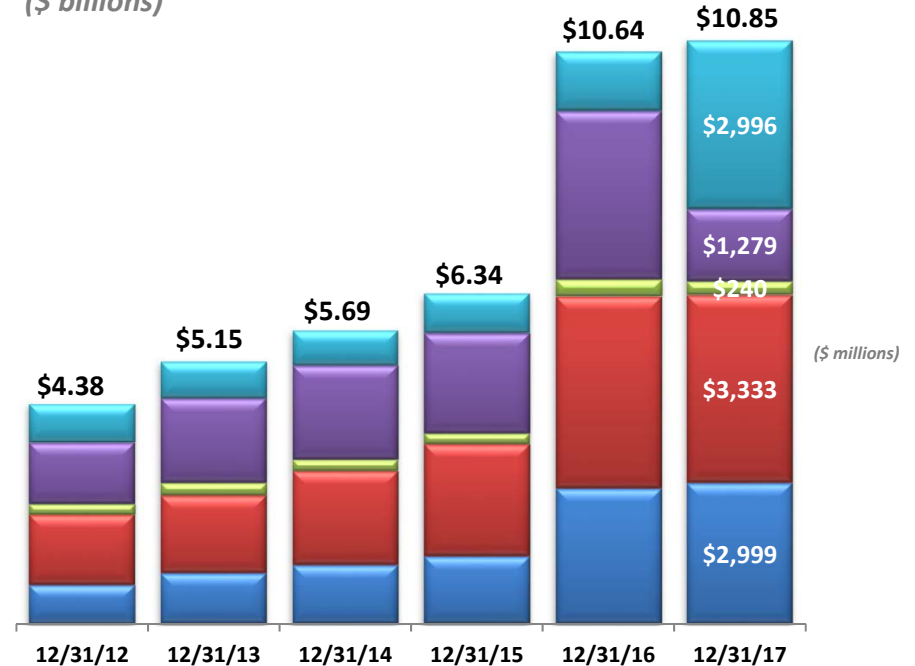
# Deposit Growth Trends

**\$10.85 Billion**  
*(as of 12/31/2017)*

## Deposit Trends by Category

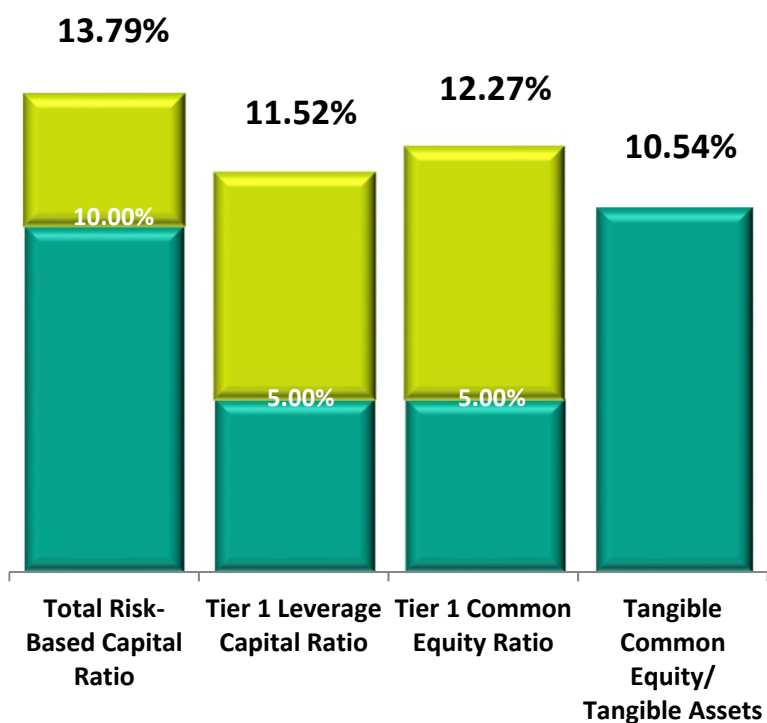


*(\$ billions)*



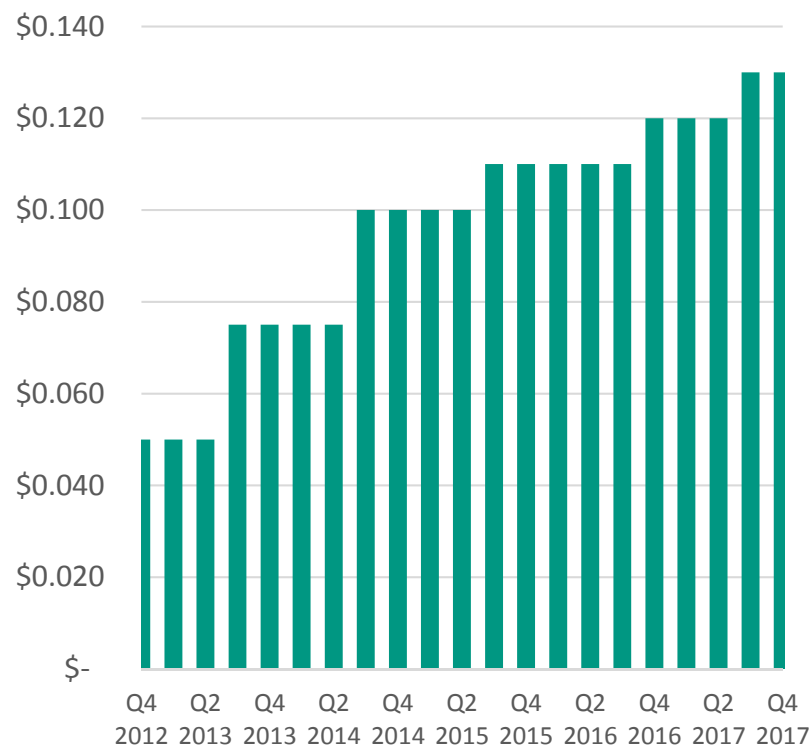
# Robust Capital & Increasing Dividend

(as of 12/31/2017)



■ Capital in Excess of Minimum Standard

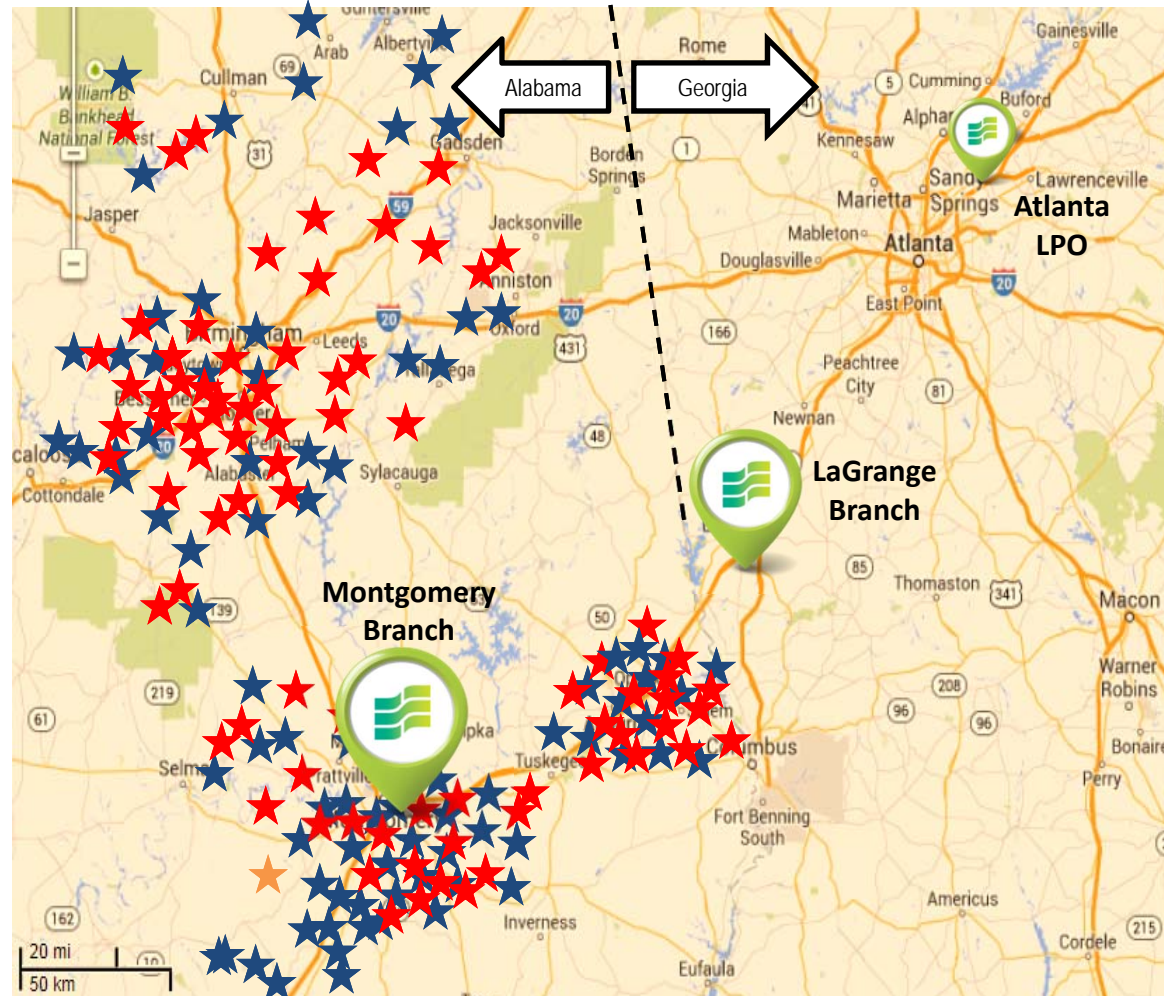
Increasing Dividend





# Growth Opportunities in Southeastern U.S.

- C&I banking opportunities linked to U.S. subsidiaries of Korean-national companies
- 250-plus businesses in Hyundai and Kia supply chains in Georgia and Alabama
- 28 Tier-1 Hyundai/KIA suppliers with \$1MM-\$2MM in DDA



# Near-Term Outlook & Strategies

- **With momentum in loan origination volumes building, Board and management to focus on improving operating efficiencies and core deposit gathering**
- **Accelerating loan origination volumes following transitional integration period**
  - Continuing diversification of overall loan origination mix
  - SBA origination volume growth of low to mid-teens for 2018
  - Residential mortgage production increase of double-digit range for 2018
  - Increasing gain on sale income as a result of higher SBA and residential mortgage originations
  - Overall loan growth for 2018 to surpass 5% increase in 2017
- **2018 effective tax rate in the 25% range**
  - Benefits from tax cuts expected to predominantly be utilized to maximize shareholder value and for reinvestment in Company
  - \$25.4 million DTA and LIHTC impairment in Q4 2017 expected to be made up through tax expense savings by Q3 2018
- **Efficiency ratio in the upper-40s before trending down to longer-term goal of mid-40s**
  - Anticipate 2018 efficiency ratio to be in the 46-48% range, after special project-related expenses drop off after Q1 2018
  - Longer term target of mid-40s remains
- **Stable to improving asset quality and credit costs, assuming stable global economic conditions**
- **Ongoing transformation to a more diversified financial institution with cross sales of various products and services across national platform**
  - Residential mortgage and warehouse lending, consumer and commercial credit cards, equipment lease financing, foreign currency exchange, wealth management services, institutional banking

*Committed to Building on Foundation for Sustained Growth and Value Creation*

# Tax Reform Impact on 2018

2018 Tax Impact	Current Tax Structure	New Tax Structure
Corporate Tax Rate (Federal)	35%	21%
Bonus Depreciation	50% (Certain Qualified)	100% (Until 2023)
Alternative Minimum Tax	20%	Repeal
FDIC Premium Deduction	100%	Limited
Entertainment Exp Deduction	Allowed	No Deduction
Dividend Received Deduction	70% to 80%	50% to 65%

*Reduction to federal corporate tax rate expected to result in savings of approximately \$36 million, or approximately \$0.27 per share, for 2018 based on projected net tax rate of approximately 25%*

# Investment Opportunity

## The Only Super Regional Korean-American Bank in the Nation

- Definitive leadership position as the **representative bank of the Korean-American community**
- Strong **core earnings power** and capital
- **National platform** and solid presence across all geographic markets with largest populations of Asian Americans
- Well positioned to continue **proven track record of growth**
- Deep and **experienced executive management** team
- Most **comprehensive offering** of products and services for commercial and consumer clients
- Well positioned to progressively 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 –

## Q4 2017 Financial Summary <sup>1</sup>

(\$ thousands)	Q4 2017	Q3 2017	Q4 2016
Net income	\$ 17,984	\$ 44,564	\$ 40,630
Diluted earnings per share	\$ 0.13	\$ 0.33	\$ 0.30
Tax reform adjustments:			
Deferred tax asset	\$ 23,835	\$ —	\$ —
Investments in affordable housing partnerships	\$ 1,588	\$ —	\$ —
Net income, excluding tax reform adjustments <sup>2</sup>	\$ 43,407	\$ 44,564	\$ 40,630
Diluted earnings per share, excluding tax reform adjustments <sup>2</sup>	\$ 0.32	\$ 0.33	\$ 0.30
Net interest income	\$ 126,392	\$ 123,263	\$ 117,209
Net interest margin	3.84%	3.83%	3.75%
Noninterest income	\$ 16,451	\$ 16,246	\$ 18,192
Noninterest expense	\$ 73,028	\$ 61,837	\$ 66,731
Net loans receivable	\$ 11,018,034	\$ 10,879,341	\$ 10,463,989
Deposits	\$ 10,846,609	\$ 10,993,320	\$ 10,642,035
Nonaccrual loans <sup>3</sup>	\$ 33,247	\$ 43,323	\$ 40,074
ALLL to gross loans	0.76%	0.76%	0.75%
ALLL to nonperforming assets <sup>3, 4</sup>	75.69%	66.51%	71.32%
Provision for loan losses	\$ 3,600	\$ 5,400	\$ 800
Net charge-offs	\$ 2,692	\$ 1,841	\$ 1,433
ROA	0.51%	1.30%	1.20%
ROE	3.70%	9.26%	8.72%
Efficiency ratio	51.12%	44.32%	49.28%

<sup>1</sup> Financial results include pre-tax acquisition accounting adjustments related to mergers, as detailed on Appendix slide 21.

<sup>2</sup> Net income and diluted earnings per share excluding tax reform adjustments are non-GAAP financial measures. See the reconciliation of the GAAP to non-GAAP financial measures on Appendix slide 22.

<sup>3</sup> Excludes delinquent SBA loans that are guaranteed and currently in liquidation.

<sup>4</sup> Nonperforming assets exclude acquired credit impaired loans.

# Appendix –

## Pre-Tax Acquisition Accounting Adjustments and Merger-Related Expenses

	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016
Accretion of discount on acquired performing loans	\$ 7,629	\$ 4,566	\$ 3,501	\$ 2,676	\$ 3,355
Accretion of discount on acquired credit impaired loans	5,167	5,815	5,212	5,348	3,940
Amortization of low income housing tax credits adjustments	(85)	(84)	(85)	(84)	(84)
Amortization of premium on acquired FHLB borrowings	354	357	446	441	449
Accretion of discount on acquired subordinated debt	(263)	(262)	(261)	(259)	(260)
Amortization of premium on acquired time deposits	3	206	1,218	3,476	3,478
Amortization of core deposit intangibles	(676)	(676)	(676)	(676)	(742)
Total acquisition accounting adjustments	\$ 12,129	\$ 9,922	\$ 9,355	\$ 10,922	\$ 10,136
Merger-related expenses	(12)	(260)	(562)	(947)	(2,952)
Total	\$ 12,117	\$ 9,622	\$ 8,793	\$ 9,975	\$ 7,184

# Appendix –

## Profitability and Profitability Measures Excluding Tax Reform Adjustments

	Three Months Ended		
	12/31/2017	9/30/2017	12/31/2016
Income before income taxes	\$ 66,215	\$ 72,272	\$ 67,870
Income tax provision	48,231	27,708	27,240
Less tax reform adjustments:			
Deferred tax asset	23,835	—	—
Investments in affordable housing partnerships	1,588	—	—
Income tax provision, excluding tax reform adjustments	22,808	27,708	27,240
Net income, excluding tax reform adjustments	<u>\$ 43,407</u>	<u>\$ 44,564</u>	<u>\$ 40,630</u>
Effective tax rate, excluding tax reform adjustments	34.45 %	38.34 %	40.14 %
Weighted average diluted common shares	135,752,978	135,630,912	135,585,561
Diluted EPS, excluding tax reform adjustments	\$ 0.32	\$ 0.33	\$ 0.30
Average assets, excluding tax reform adjustments	\$ 14,043,378	\$ 13,737,532	\$ 13,506,836
ROA, excluding tax reform adjustments (annualized)	1.24 %	1.30 %	1.20 %
Average equity, excluding tax reform adjustments	\$ 1,944,680	\$ 1,924,444	\$ 1,864,766
ROE, excluding tax reform adjustments (annualized)	8.93 %	9.26 %	8.72 %