



BofA Merrill Lynch Future of Financials 2019

New York City
November 5 - 6, 2019

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 and perceived opportunities in the market. 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,” “projects,” “forecasts” 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. 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.

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Company Overview



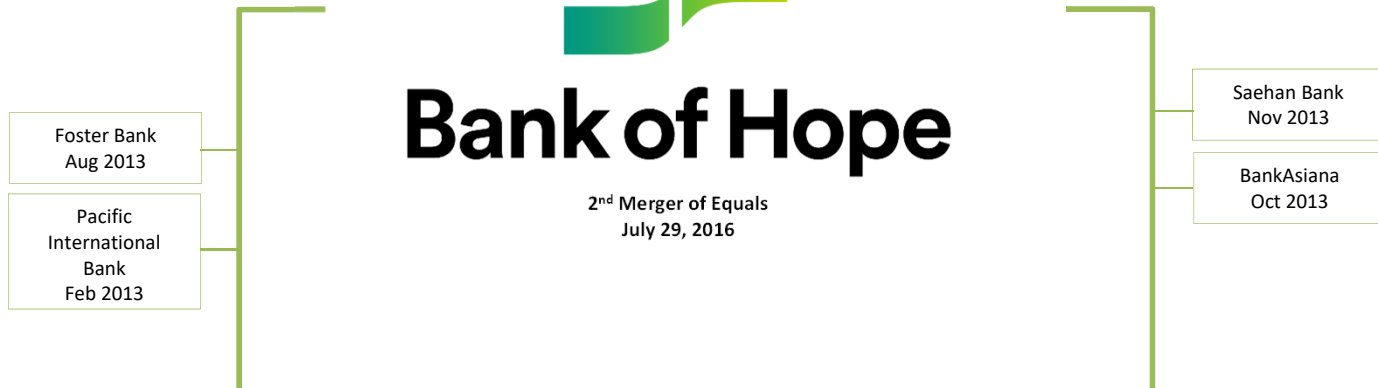
Bank of Hope's Roots

39 Years of Service in Los Angeles



Bank of Hope

2nd Merger of Equals
July 29, 2016



 **BBCN Bank**

1st Merger of Equals
Nov 2011



 **CENTER BANK**

(Established 1986
in Los Angeles)

 **NARA BANK**

(Established 1989
in Los Angeles)

 **WILSHIRE BANK**

(Established 1980
in Los Angeles)

Company Profile Today



Bank of Hope

Bankers. Experts. Neighbors.

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

- 3rd largest Asian-American bank in the U.S.¹
- 6th largest bank headquartered in Los Angeles¹
- 89th largest financial institution in the U.S.²
- 17th largest SBA lender in the country by volume³
- 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 ♦ 2019

☐ **Leading national presence with full-service branch operations in 8 states**

(strategically located in high density Asian-American communities)

- Presence in 3 additional states with specialized Loan Production Offices

☐ **Seasoned and experienced management and board**

“We are 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.”

Hope Bancorp, Inc. <i>(Holding Company of Bank of Hope as of 9/30/2019)</i>	
Total Assets	\$15.4 billion
Loans Receivable	\$12.1 billion
Total Deposits	\$12.2 billion

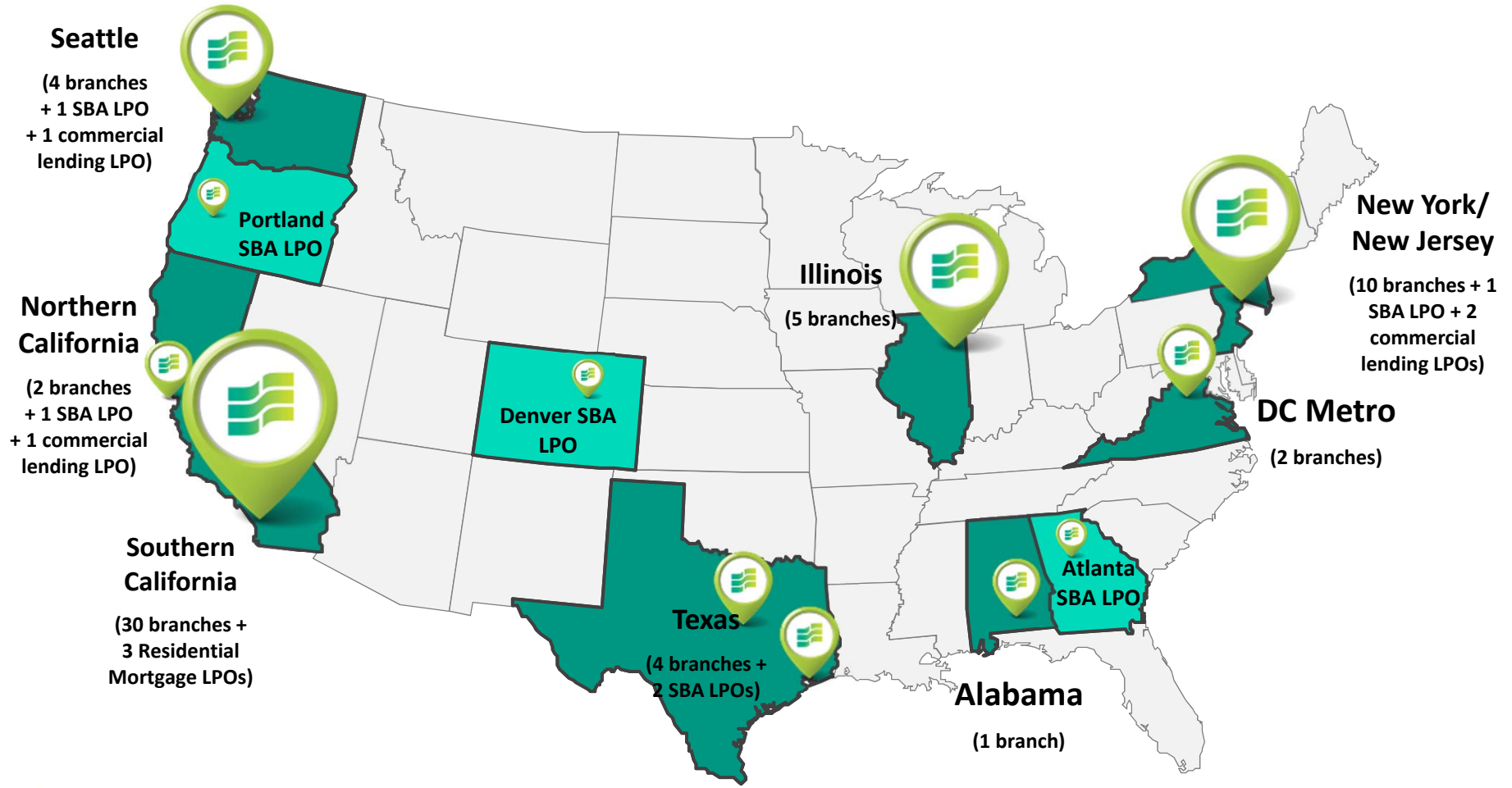
1 Source: S&P Global (formerly SNL)

2 Source: Federal Reserve Statistical Release as of March 31, 2019; Insured U.S.-chartered commercial banks ranked by consolidated assets

3 Source: SBA national lender rankings as of September 30, 2019

National Geographic Presence

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



Corporate Social Responsibility Highlights



1 OUT OF 2

1 out of 2 Bank of Hope branches located in low-to-moderate income areas



1200 HOURS

Nearly 1200 hours of CRA-reportable volunteer hours



\$3.01 BILLION

\$3.01 billion of loans funded in 2018



\$500 MILLION

\$500 million of CRA-reportable small business lending in 2018



\$10 MILLION

\$10 million of donations and sponsorships over last 10 years



\$2.0 MILLION

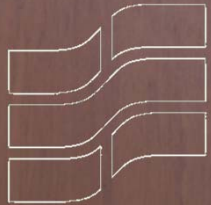
\$2.0 million of contributions to the Hope Scholarship Foundation since 2001

In addition to financing economic growth, we believe our responsibilities include helping the communities in which we live and work to grow and flourish through volunteerism and philanthropy.

Executive Leadership

We are proud to have one of the strongest leadership teams among Asian-American banks.

Leadership



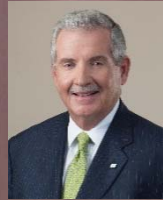
Risk Management



Operations Oversight



Business Leadership



David Song
EVP, Credit Administration

Peter Koh
EVP, Chief Credit Officer

Richard Marshall
EVP, Credit Administration

Thomas Stenger
EVP, Chief Risk Officer

Lisa K. Pai
EVP, General Counsel

Karen Craigmile
EVP, Chief Internal Audit Executive

Daniel H. Kim
EVP, Chief Strategy & Administrative Officer

Young K. Lee
EVP, Chief Human Resource Officer

David P. Malone
President & Chief Operating Officer

Alex Ko
EVP, Chief Financial Officer

Hung Van
EVP, Chief Information Officer

David W. Kim
EVP, Midwest Regional President

Kenneth Logan
EVP, Head of Residential Finance

Kyu S. Kim
Senior EVP, Eastern Regional President

Jason Kim
EVP, Western Regional President

Kevin S. Kim
Chairman & Chief Executive Officer



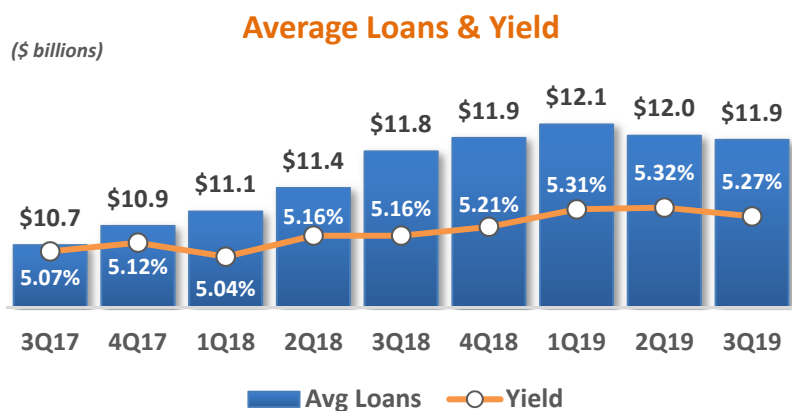
Financial Highlights & Earnings Performance

Q3 2019 Financial Highlights

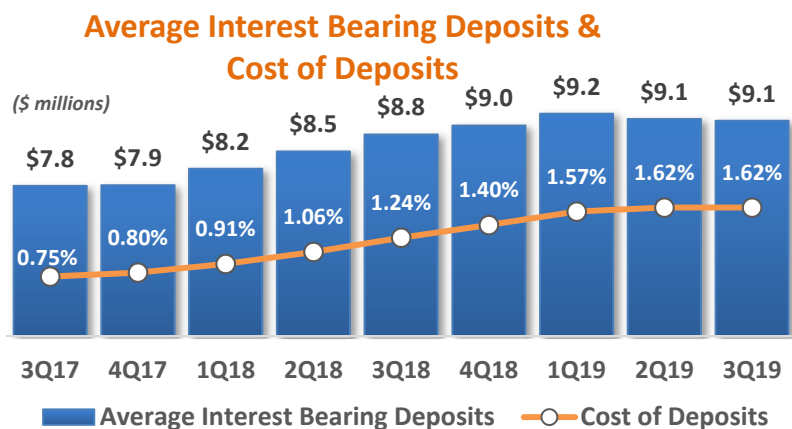
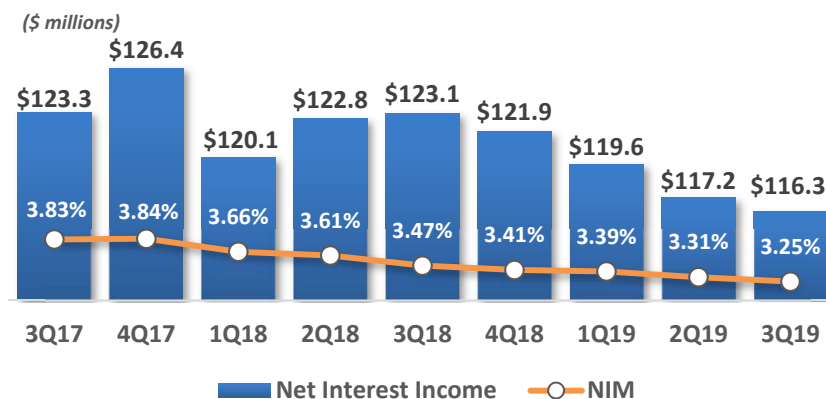
Earnings & Profitability	<ul style="list-style-type: none"> ✓ Net income of \$42.6 million, or \$0.34 per diluted common share ✓ Moderating margin compression with net interest margin down 6bps Q-o-Q to 3.25% from 8bps compression in Q2; \$1.4 million reduction in accretion income on purchased loans reduced NIM by 4bps in 3Q19 ✓ Noninterest expense well contained; down 2% Q-o-Q and representing 1.85% of average assets 	Net Income \$42.6MM
Loan Production	<ul style="list-style-type: none"> ✓ New loan originations funded of \$694 million reflects well-balanced mix of loans ✓ CRE loans accounted for 50% of new loan production; C&I 41%; and residential mortgage 9% ✓ Average rate on new loans declined to 4.72%, reflects higher contribution of C&I volumes, including a new warehouse line of credit, which rates tend to be lower than other commercial loans 	Diluted EPS \$0.34
Deposits	<ul style="list-style-type: none"> ✓ Total deposits increased 1% Q-o-Q and continued trend of favorable mix shift to lower-cost deposits ✓ Increases in noninterest bearing demand deposits, savings and MMAs, offset by decreases in higher-cost time deposits ✓ Cost of deposits plateau, reflecting progress with deposit initiatives ✓ CD repricing gap continues to trend positive with time deposit renewals lower than maturing rate 	Gross Loans \$12.0B
Asset Quality	<ul style="list-style-type: none"> ✓ Second quarter of significant asset quality improvements highlighted by a 35% decrease in nonaccrual loans and a 20% reduction in total criticized loans ✓ Improvements driven by proactive identification and management of problem credits ✓ Credit losses remain minimal with net charge offs of \$1.8 million, or 6bps of average loans annualized 	Deposits \$12.2B

Net Interest Income and Margin

Key Net Interest Income Drivers



Net Interest Income & NIM

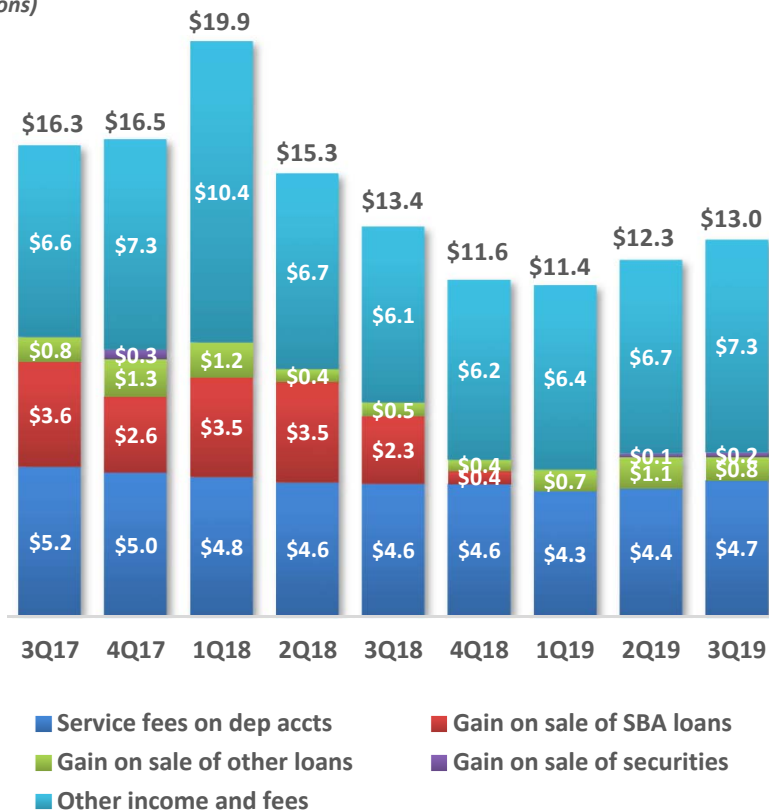


- ❑ 3Q19 NII decreased slightly Q-o-Q largely reflecting a reduction in accretion income
- ❑ Margin compression continued to moderate with net interest margin down 6bps to 3.25%, vs. 8bps compression in 2Q19
 - Compression of core net interest margin excluding purchase accounting adjustments moderated to a 2bps decrease from a 6bps decrease in 2Q19
- ❑ Decline in core net interest margin due to 1bps decline in core loan yields
- ❑ 5bps - 7bps impact to net interest margin for each 25bps decrease in Fed Funds Rate

Noninterest Income

Noninterest Income

(\$ millions)



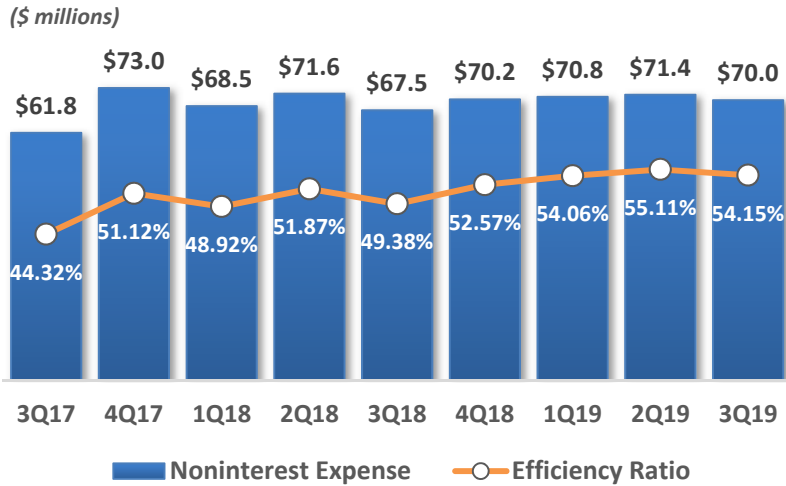
- ❑ Noninterest income increased to \$13.0 million from \$12.3 million in 2Q19 reflecting:
 - ❑ Expanded interest rate swap program drove higher swap fee income linked quarter
 - ❑ Service fees on deposit accounts up 6% due to higher core deposit account balance

Quarter-over-Quarter Gain-on Sale Variance

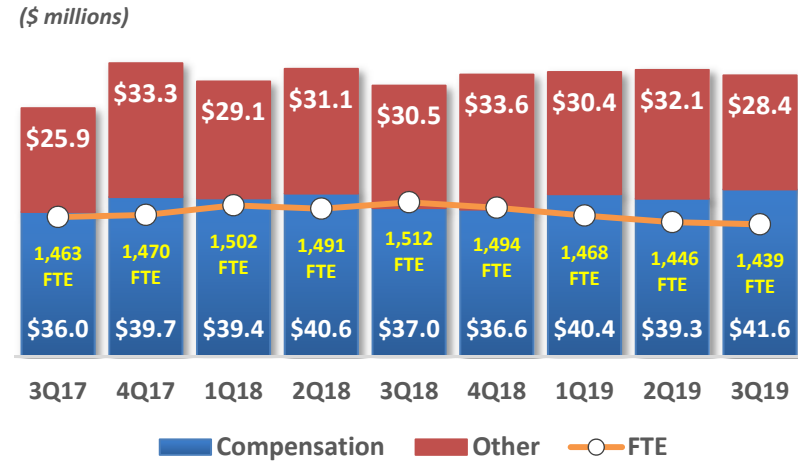
- ❑ Sold \$30.9 million of residential mortgage loans to secondary market in 3Q19, vs. \$76.2 million in 2Q19
 - ❑ 2Q19 sales of mortgage loans included bulk sale of seasoned loans from existing mortgage portfolio
- ❑ Net gain-on-sale of mortgage loans of \$804,000 in 3Q19 versus \$1.1 million in 2Q19
- ❑ Continued to reposition investment securities, which resulted in gain of \$153,000 in 3Q19, vs. \$129,000 in 2Q19
- ❑ No SBA loan sales in 2019

Noninterest Expense and Efficiency

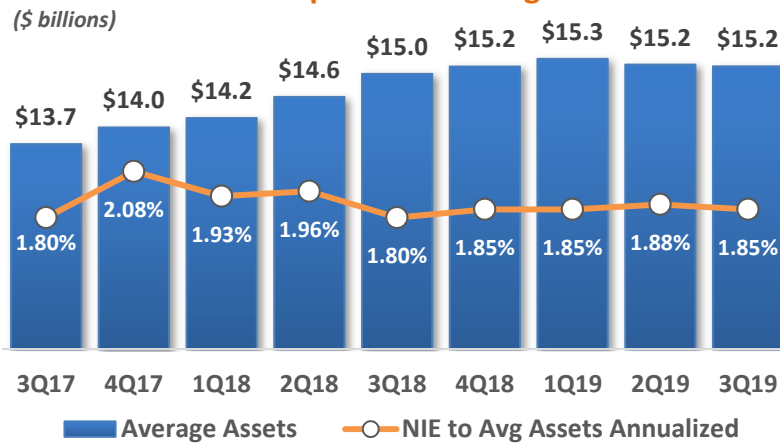
Noninterest Expense and Efficiency Ratio



Breakdown of Noninterest Expense and FTE



Noninterest Expense to Average Assets

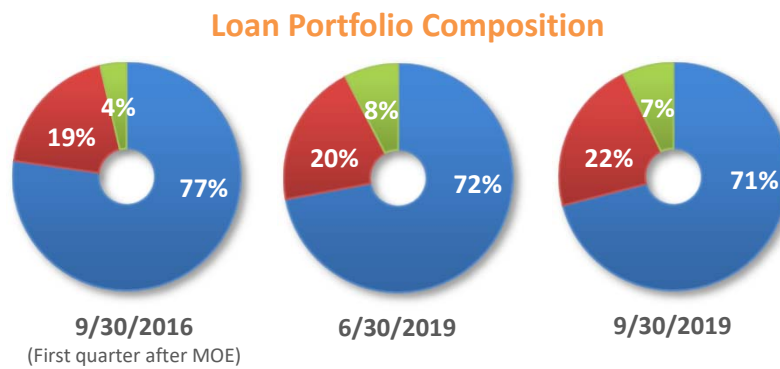
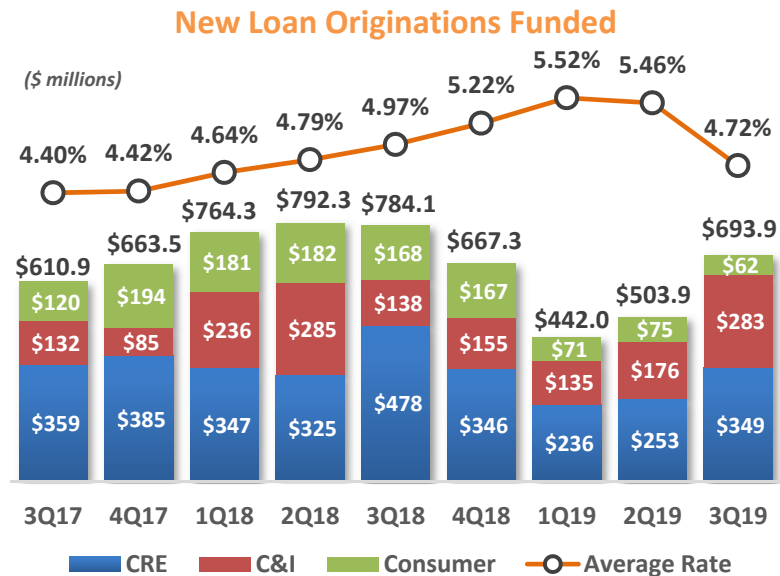


- Noninterest expense decreased 2% to \$70.0 million in 3Q19 from \$71.4 million in 2Q19
 - Benefited from a full quarter’s cost saves from branch rationalization plan completed in 2Q19
 - Professional fees down 12% Q-o-Q
 - 6% increase in compensation expense primarily reflects fluctuation in self-funded group insurance expenses
 - FDIC credit results in \$0 assessment for 3Q19
- Annualized noninterest expense to average assets improved to 1.85% in 3Q19 from 1.88% in 2Q19



Growing Loan Trends

Loan Production & Portfolio Trends

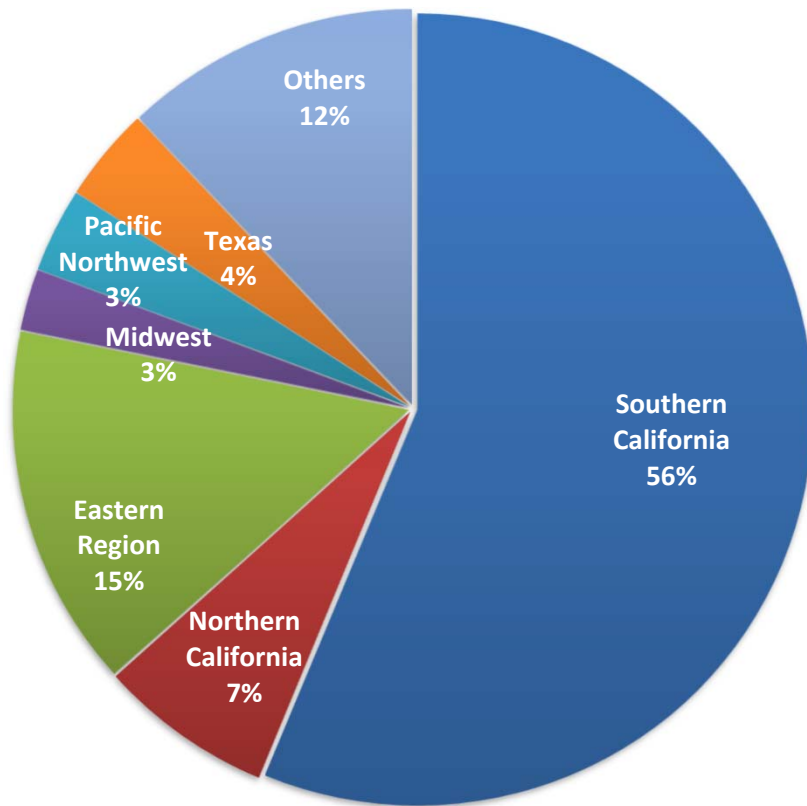


- ❑ New loan originations funded increased to **\$694 million** resulting in 1% net loan growth of \$128 million
- ❑ Aggregate payoffs and paydowns remained at higher-than-usual levels at \$633 million, versus \$599 million in 2Q19
 - ❑ Largely driven by higher payoffs, reflecting competitive business environment and proactive identification and management of potentially problematic credits
- ❑ Well diversified mix of loan originations representing targeted mix of higher-yielding loans
 - ❑ 50% CRE / 41% C&I / 9% Consumer
- ❑ Decrease in average rate on new loan production reflects 25bps rate cuts in July and September 2019, as well as higher contribution of C&I production
- ❑ C&I production of \$283 million reflects continued success in banking middle-market commercial borrowers and expansion of residential warehouse lending business
- ❑ SBA loan production of \$54 million of which \$34 million was 7(a)

Loan Portfolio by Region

\$12.10 Billion

(as of 09/30/2019)



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

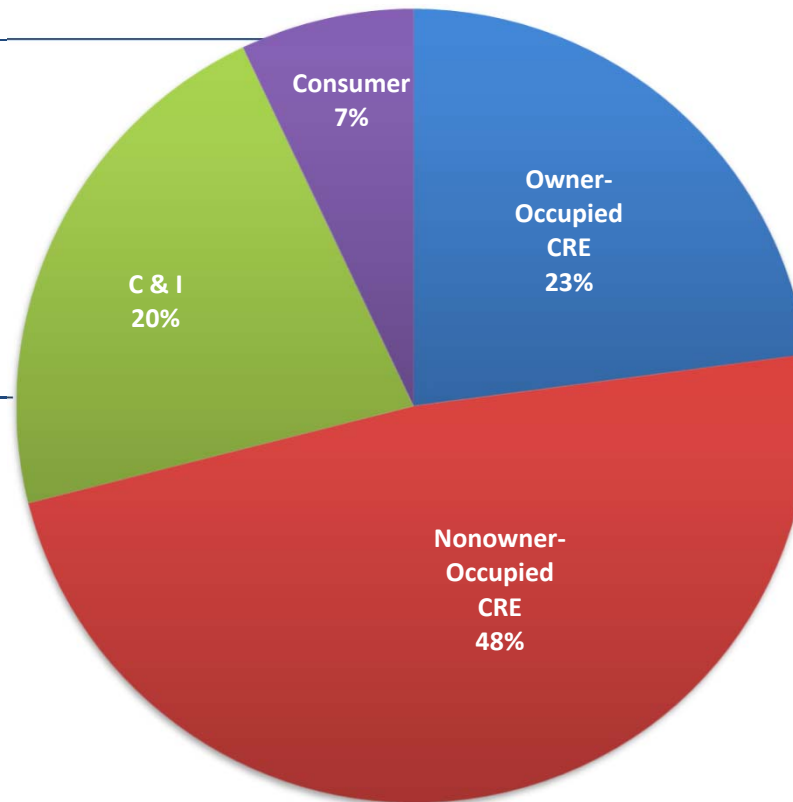
Loan Portfolio Composition

\$12.10 Billion Total Portfolio

(as of 09/30/2019)

Consumer	
Outstanding	\$870.7B
Average Size	\$603MM
Average Yield	3.80%

C&I	
Outstanding	\$2,643.8B
Average Size	\$616MM
Average Yield	4.80%

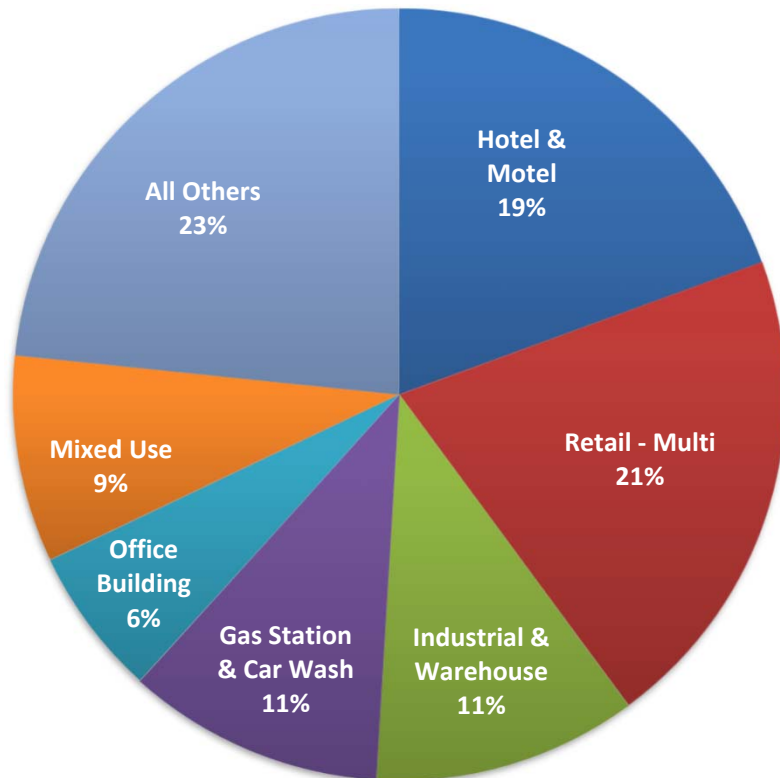


CRE	
Outstanding	\$8,587.9B
Average Size	\$1,536MM
Average Rate	4.90%

Portfolio Diversification

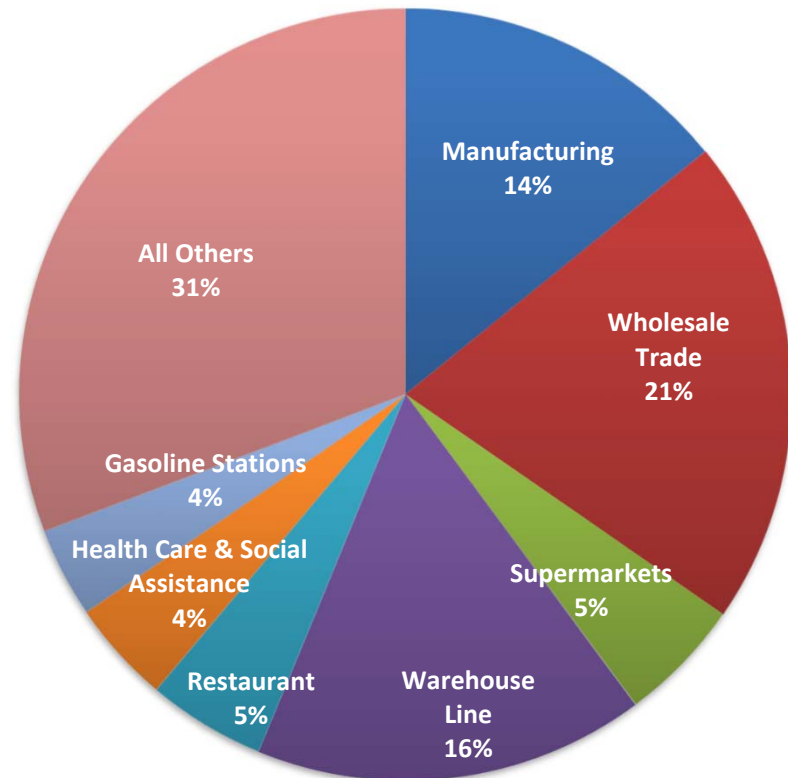
as of 09/30/2019

CRE Portfolio
\$8.59 Billion



Note: All Others includes property types representing less than 7% of total CRE portfolio, including: 5+ Residential, Church, Golf Course, Retail-Single, and Other smaller segments.

C&I Portfolio
\$2.64 Billion

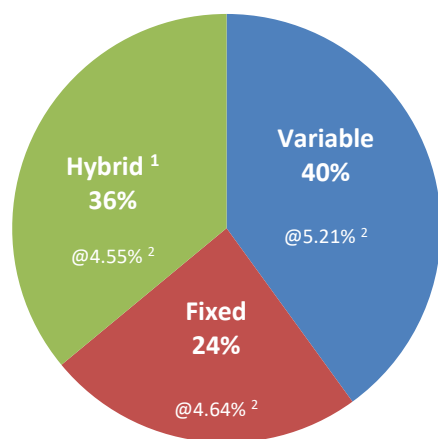


Note: All Others includes business types representing less than 5% of total C&I portfolio, including: Hotel/Motel, Information, Laundries & Drycleaners, Liquor Store, RE and Leasing, Retail, Services, Transportation and Other smaller segments.

Loan Portfolio Rate Mix

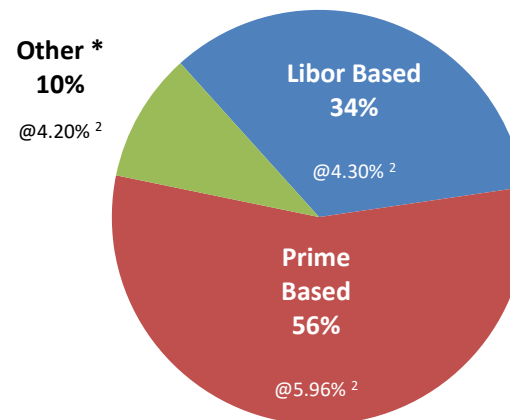
as of 09/30/2019

Fixed / Variable Breakdown



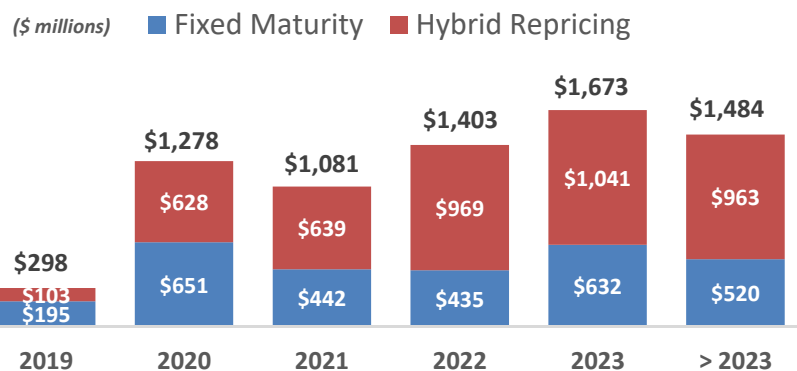
- Hybrid loans have fixed interest rates for a specified period and then convert to variable interest rates (fixed as of 09/30/2019)
- The weighted average rate as presented excludes loan discount accretion and interest rates on nonaccrual loans

Variable Rate Loan Base Index

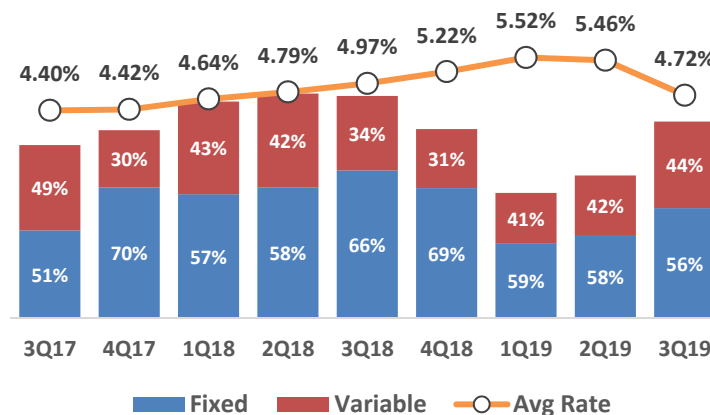


* Other consists of loans with indexes based on FHLB, FRB, US Treasury rates or other interest rate indexes

Maturity and Repricing Schedule



New Loan Fixed/Variable and Average Rate



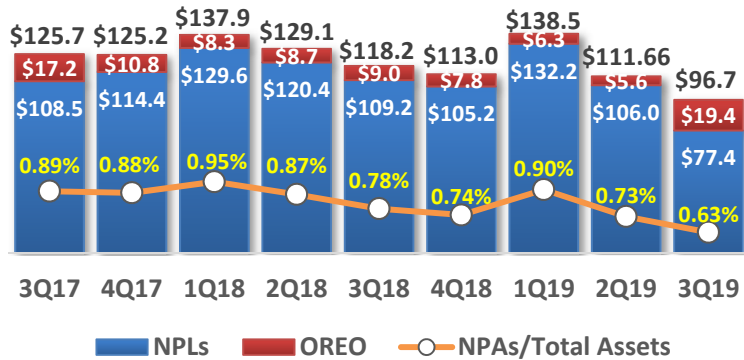


Improving Asset Quality

Asset Quality

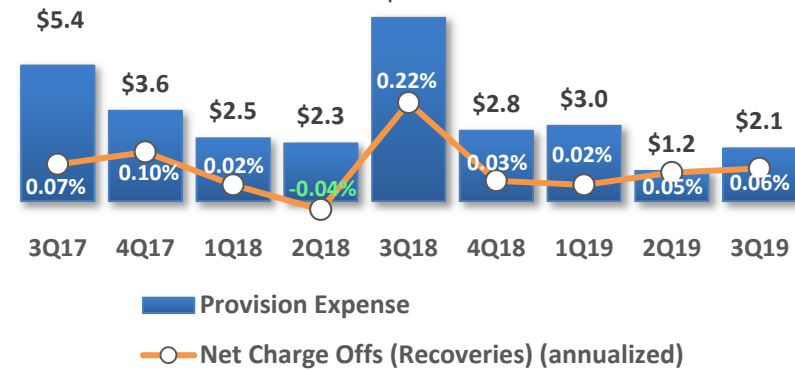
Nonperforming Assets

(\$ millions)



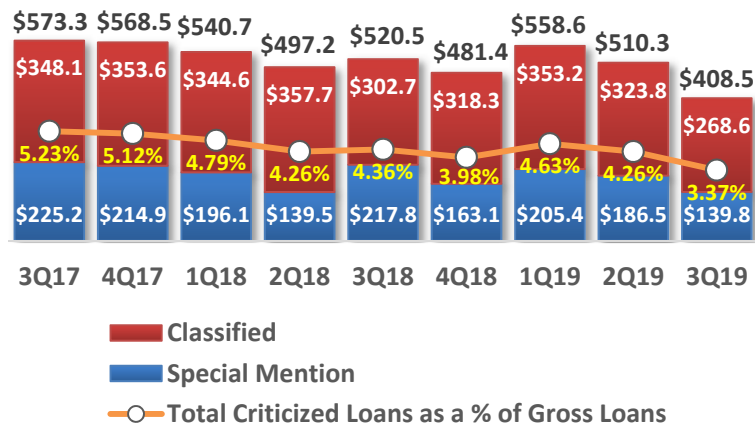
Provision Expense & Net Charge Offs

(\$ millions)



Criticized Loans

(\$ millions)



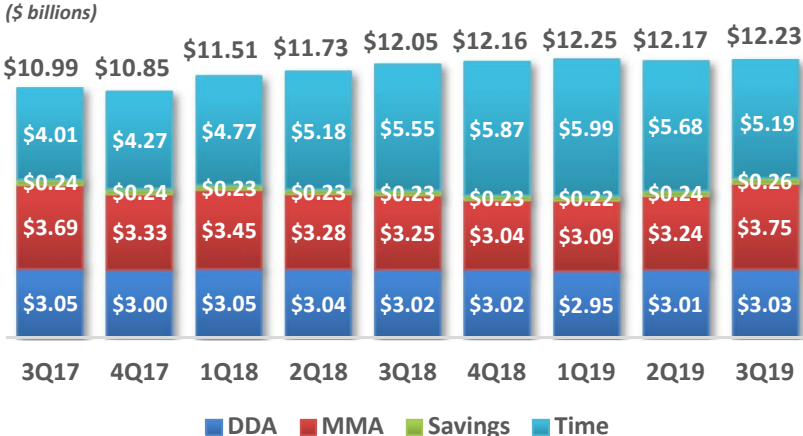
- ❑ Significant improvement in asset quality in 3Q19
 - 35% decline in nonaccrual loans Q-o-Q
 - Total criticized loans down 20% Q-o-Q
- ❑ Improvements reflect benefits of proactive identification and management efforts, which led to payoffs of lower-rated credits and transfer of \$26.0 million to loans held for sale, after charge offs of \$599,000
- ❑ Credit losses continued to be minimal, with net charge offs of \$1.8 million, or 6bps of average loans on an annualized basis
- ❑ Underlying health of broader portfolio remains solid



Favorable Deposit Trends

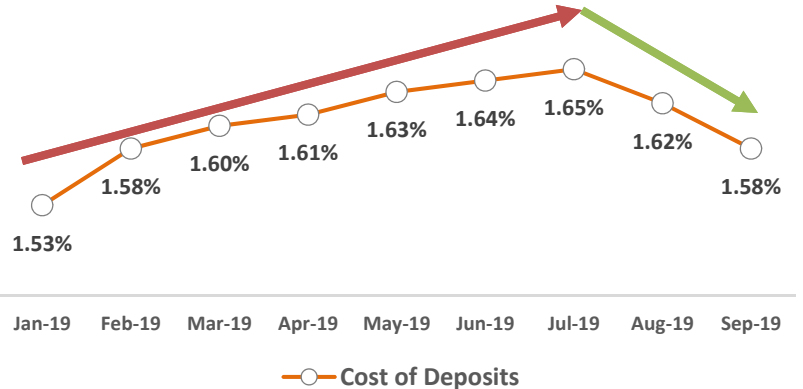
Deposit Trends

Deposit Composition

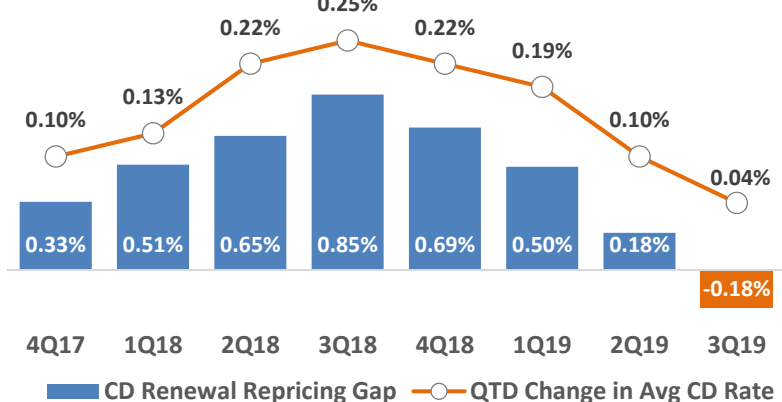


- ❑ Total end-of-period deposits increased **1%** Q-o-Q
- ❑ Favorable shift in deposit mix continued with increases in lower-cost deposits and decreases in time deposits
 - 1% increase in noninterest bearing deposits Q-o-Q
 - 16% increase in MMA balances Q-o-Q
 - 9% decreased in time deposits Q-o-Q
- ❑ Deposit costs plateau in 3Q19 at 1.62% and improved month-by-month since July 2019
- ❑ Repricing gap on time deposit renewals continued to improve with repricing reduction of 18bps in 3Q19, in contrast with 18bps increase in 2Q19
- ❑ Deposit gathering and cost containment strategies remain a **top priority**

Deposit Cost Trend



CD Renewal Repricing Gap





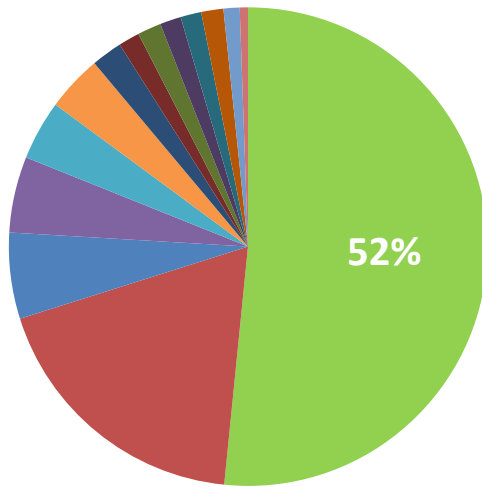
Strong Franchise Value

The Representative Bank

of the Korean-American Community

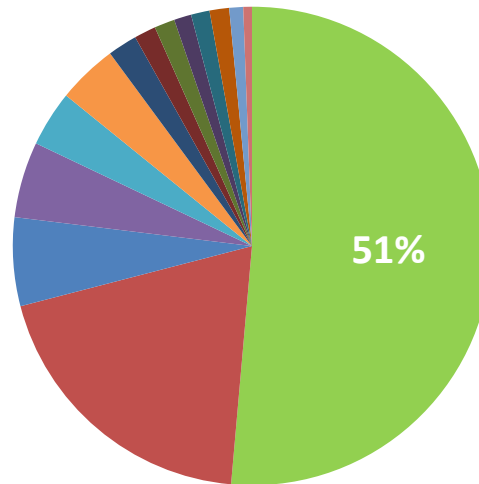
Total Assets

\$29.73 Billion
As of 6/30/2019



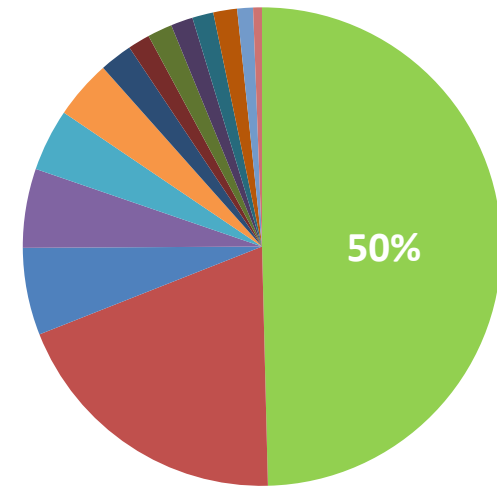
Net Loans

\$23.12 Billion
As of 6/30/2019



Total Deposits

\$24.58 Billion
As of 6/30/2019



- Bank of Hope
- Commonwealth Business Bank
- US Metro Bank
- UniBank

- Hanmi Bank
- Open Bank
- NewBank
- Ohana Pacific Bank

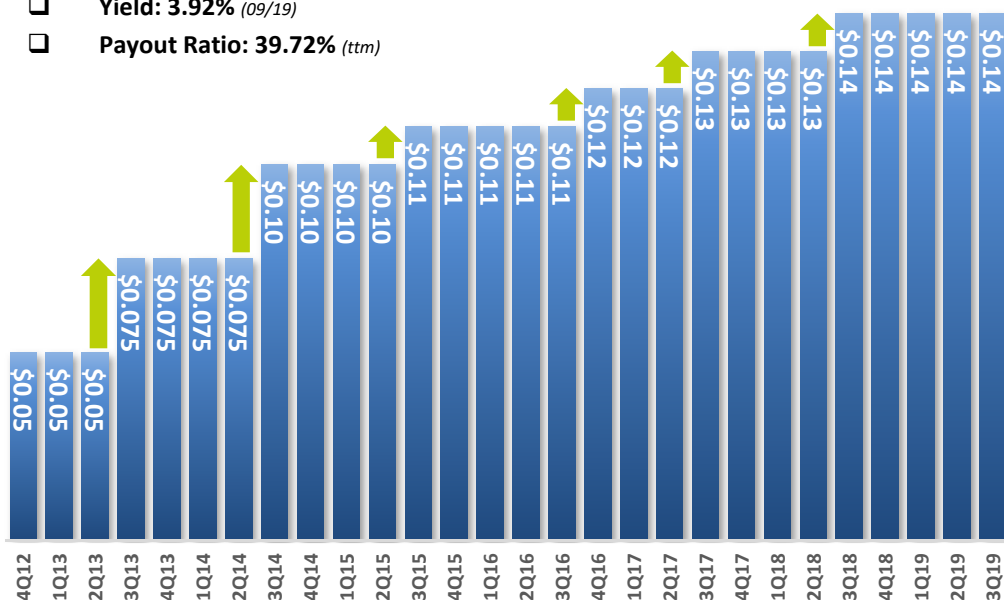
- Pacific City Bank
- First IC Bank
- NOA Bank

- Metro City Bank
- Noah Bank
- New Millennium Bank

Strong Shareholder Returns & Capital

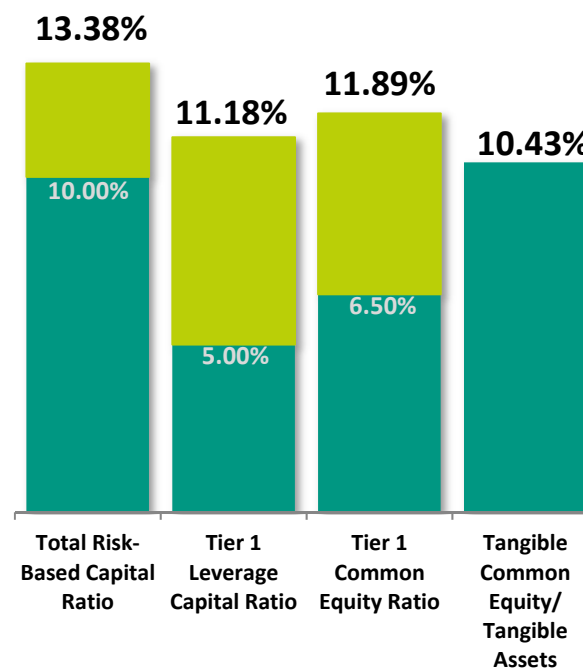
Strong Dividend

- Yield: 3.92% (09/19)
- Payout Ratio: 39.72% (ttm)



Robust Capital Position

(as of 09/30/2019)



Total Risk-Based Capital Ratio
Tier 1 Leverage Capital Ratio
Tier 1 Common Equity Ratio
Tangible Common Equity/Tangible Assets

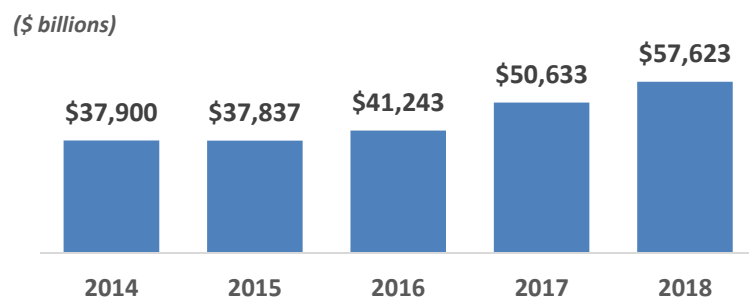
■ Capital in Excess of Minimum Standard
 ■ Minimum Guideline for Well Capitalized Institutions

Active Stock Buybacks

- Aggregate \$150 million, or approximately 9 million shares, repurchased in 2018, reducing shares outstanding by 6.6%
- New \$50 million stock repurchase plan launched Q3 2019

Unique Growth Opportunities

South Korean Foreign Direct Investment in the U.S.



Top 6 Industry Sectors

(By number of announced South Korean FDI projects in the U.S.)

#1	Auto Components	#4	Software & IT Services
#2	Industrial Equipment	#5	Automotive OEM
#3	Consumer Electronics	#6	Electronic Components

South Korean Companies Among Top Foreign Investors in the U.S.

- Hyundai Motor and Kia Motors announced Jan 2017 plans to spend \$3.1 billion in U.S. in the next 5 years
 - 250-plus Korean-national companies in Hyundai and Kia supply chains with operations in Georgia and Alabama
 - 28 Tier-1 Hyundai/KIA suppliers with \$1MM-\$2MM in DDA
- Lotte Chemical investing \$3.1 billion in petrochemical facility in Louisiana
- Hankook Tire building new \$800 million factory in Tennessee
- LG Electronics
 - \$250 million investment to build U.S. Home Appliance Factory in Tennessee
 - \$300 million LG North American Headquarters in Englewood Cliffs, NJ

Bank of Hope is uniquely positioned to provide banking services to a growing number of South Korean companies operating in the U.S.

2019 Key Priorities

Profitable Growth – *Better Deposit Cost Management*

- New TMS leadership actively engaging front line to build new core deposit relationships
- Targeting existing commercial customers rich in deposits
- Rebuilding online banking platform
- Redesigned frontline incentive compensation programs dependent on core deposit gathering results

Profitable Growth – *Better Loan Yields*

- Shifting focus of residential mortgage originations to sellable loans and may sell portions of existing portfolio, resulting in stable to potentially decreased consumer portfolio
- Preference for higher-yielding variable rate C&I and SBA originations
- Growth in loan portfolio closely tied to core deposit growth

Profitable Growth – *Better Efficiencies*

- Tightly managing expenses and improving operating efficiencies
- Branch rationalization plan completed resulting in \$1.9 million in annualized cost saves beginning in Q3 2019
- Continuing to look at all areas of operations to identify additional opportunities to enhance cost structure

Capital Management

- Committed to enhancing shareholder returns while maintaining strong capital ratios that support continued growth for the long term

Near-Term Outlook & Strategies

- ❑ **Continuation of positive trends from first nine months of 2019**
 - ❑ Favorable shift in mix of deposits to lower-cost core deposits and better deposit cost management
 - ❑ Proactive identification and management program leading to improving asset quality trends
 - ❑ Well-balanced mix of new loan production favoring higher-yielding loans and less reliant on CRE
 - ❑ Concentrated focus on expense management leading to improving efficiencies
- ❑ **Full-year loan growth guidance of 2-3% for 2019 amidst strong headwinds of fierce competitive landscape and higher trending payoff activity**
- ❑ **NIM guidance of 5bps - 7bps impact with each 25bps decrease in Fed Funds rate**
- ❑ **2019 Key Priorities remain in focus relative to the rapidly changing rate environment**
 - ❑ Profitable Growth – *Better deposit cost management*
 - ❑ Profitable Growth – *Better loan yields*
 - ❑ Profitable Growth – *Better efficiencies*
 - ❑ Capital Management

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

Investment Opportunity

The Only Super Regional Korean-American Bank in the Nation

- ❑ Definitive leadership position as the **representative bank of the Korean-American community**
- ❑ **National platform** and solid presence across all geographic markets with largest populations of Asian Americans
- ❑ Strong, sustainable **core earnings power** and capital
- ❑ Diversified financial institution with **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



CECL Preliminary Impact

Summary

- The Bank is on-track to adopt CECL on Jan 1, 2020
- Preliminary CECL allowance expected to increase by approximately 30% - 40% compared to incurred loss method
- Key drivers for CECL:
 - Large increase for longer duration CRE and Consumer loans
 - No material differences for shorter duration C&I loans
 - Portfolio composition (i.e. balance and asset quality mix)
 - Forecasted economic environment
 - Input data (borrower / loan characteristics) consumed by quantitative models
 - All portfolios experience a shift from majority qualitative reserves to majority quantitative reserves between incurred loss and CECL
- Estimates are subject to change as management continues to review the key drivers and methodology assumptions through 2019

Key methodology assumptions

- The quantitative methodology for majority of the portfolio utilizes loan level probability of default and loss given default estimates
- 2-year reasonable and supportable forecast period and 1-year mean reversion period
- Moody's economic forecast (Consensus scenario)
- Portfolio level prepayment rate assumptions

Day 1 Capital Impact

- Tier 1 Common Equity Ratio Impact (Fully Phased In) = reduction of approximately 22 to 29 bps
- Tangible Common Equity Ratio Impact = reduction of approximately 18 to 24 bps

Appendix – Q3 2019 Financial Summary

(\$ thousands)	Q3 2019	Q2 2019	Q3 2018
Net income	\$ 42,592	\$ 42,681	\$ 46,378
Diluted earnings per share	\$ 0.34	\$ 0.34	\$ 0.36
Net interest income	\$ 116,258	\$ 117,221	\$ 123,147
Net interest margin	3.25%	3.31%	3.47%
Noninterest income	\$ 12,995	\$ 12,287	\$ 13,447
Noninterest expense	\$ 69,995	\$ 71,371	\$ 67,455
Net loans receivable	\$ 12,010,800	\$ 11,883,068	\$ 11,836,553
Deposits	\$ 12,234,750	\$ 12,172,384	\$ 12,045,619
Nonaccrual loans ⁽¹⁾⁽²⁾	\$ 42,235	\$ 64,934	\$ 56,299
Nonperforming loans to loans receivable ⁽¹⁾⁽²⁾	0.64%	0.89%	0.92%
ALLL to loans receivable	0.78%	0.79%	0.76%
ALLL to nonaccrual loans ⁽¹⁾⁽²⁾	222.28%	144.86%	160.98%
ALLL to nonperforming assets ⁽¹⁾⁽²⁾	97.06%	84.24%	76.67%
Provision for loan losses	\$ 2,100	\$ 1,200	\$ 7,300
Net charge offs (recoveries)	\$ 1,822	\$ 1,351	\$ 6,552
Return on average assets (ROA)	1.12%	1.12%	1.24%
Return on average equity (ROE)	8.47%	8.71%	9.76%
Return on average common tangible equity (ROTCE)	11.11%	11.51%	13.06%
Noninterest expensed / average assets	1.85%	1.88%	1.80%
Efficiency ratio	54.15%	55.11%	49.38%

⁽¹⁾ Excludes delinquent SBA loans that are guaranteed and currently in liquidation.

⁽²⁾ Excludes purchased credit-impaired loans.

Appendix –

Pre-Tax Acquisition Accounting Adjustments and Merger-Related Expenses

(\$ thousands)	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
Accretion of discount on acquired performing loans	\$2,969	\$2,360	\$2,166	\$1,799	\$2,046
Accretion of discount on acquired credit impaired loans	5,239	4,867	5,834	6,848	5,234
Amortization of low income housing tax credits	(84)	(85)	(76)	(76)	(75)
Amortization of premium on acquired FHLB borrowings	357	357	1,280	—	—
Accretion of discount on acquired subordinated debt	(271)	(272)	(273)	(275)	(278)
Amortization of premium on acquired time deposits	—	—	—	—	—
Amortization of core deposit intangibles	(615)	(616)	(557)	(557)	(557)
Total acquisition accounting adjustments	\$7,595	\$6,611	\$8,374	\$7,739	\$6,370