Hope Bancorp

2018 Third Quarter Earnings Conference Call

Wednesday, October 17, 2018

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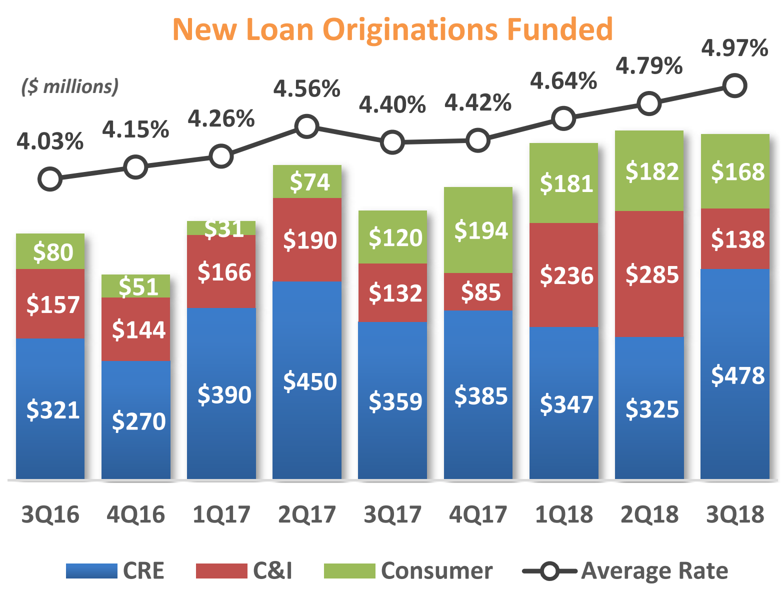
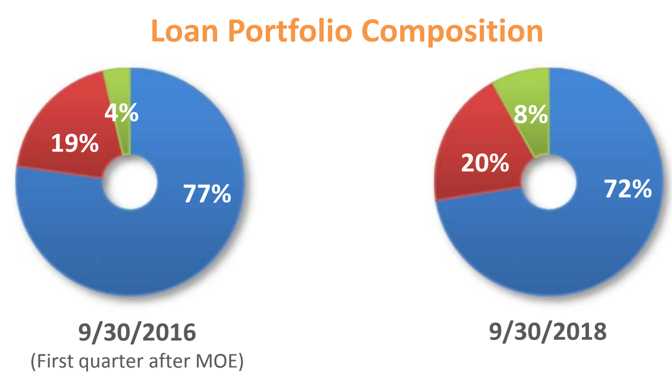
Q3 2018 Financial Highlights

Solid Profitability	✓ Net income of $46.4 million, up 4% over prior-year Q3 ✓ EPS $0.36 per diluted common share versus $0.33 in Q3 2017 ✓ Net interest margin declined 14bps to 3.47% Q-o-Q driven by higher deposit costs and flat loan yields ✓ Noninterest expense decreased 6% Q-o-Q and improved as a percentage of average assets to 1.80% from 1.96% in Q2 2018 ✓ ROA of 1.24% and ROE of 9.76%	**Net Income $46.4MM**
Well-Diversified Loan Growth	✓ New loan originations funded of $784 million led to loan growth of $256 million, or 9% annualized ✓ YTD loan growth of 7%; on track to meet or exceed the higher end of targeted loan growth of 6% to 8% for 2018 ✓ Average rate on new loans trended higher for each product type; overall 4.97% average rate on new loans, up 18bps from Q2 2018 ✓ CRE loans accounted for 61% of new loan production; C&I 18%; and residential mortgage 21%	**Diluted EPS $0.36**
Record Deposits	✓ Record deposits of $12.05 billion, up 3% Q-o-Q ✓ Growth in higher-rate time deposits results in increased deposit costs ✓ Noninterest bearing demand deposits account for 25% of total deposits	**Record Loans $11.9B**
Stable Credit Quality	✓ Nonaccrual loans down 17% Q-o-Q, benefiting from charge off of previously identified and fully reserved credit and migration of loans out of nonaccrual status ✓ Classified loans declined by $55 million, while criticized loans increased $23 million ✓ Net charge offs of $6.6 million, or 22bps of average loans annualized	
Other Events	✓ Completed $100 million stock repurchase program initiated in Q2 2018, reducing shares outstanding by 5,565,696 shares ✓ Board authorization of new $50 million share repurchase program	**Record Deposits $12.0B**

Loan Production & Portfolio Trends

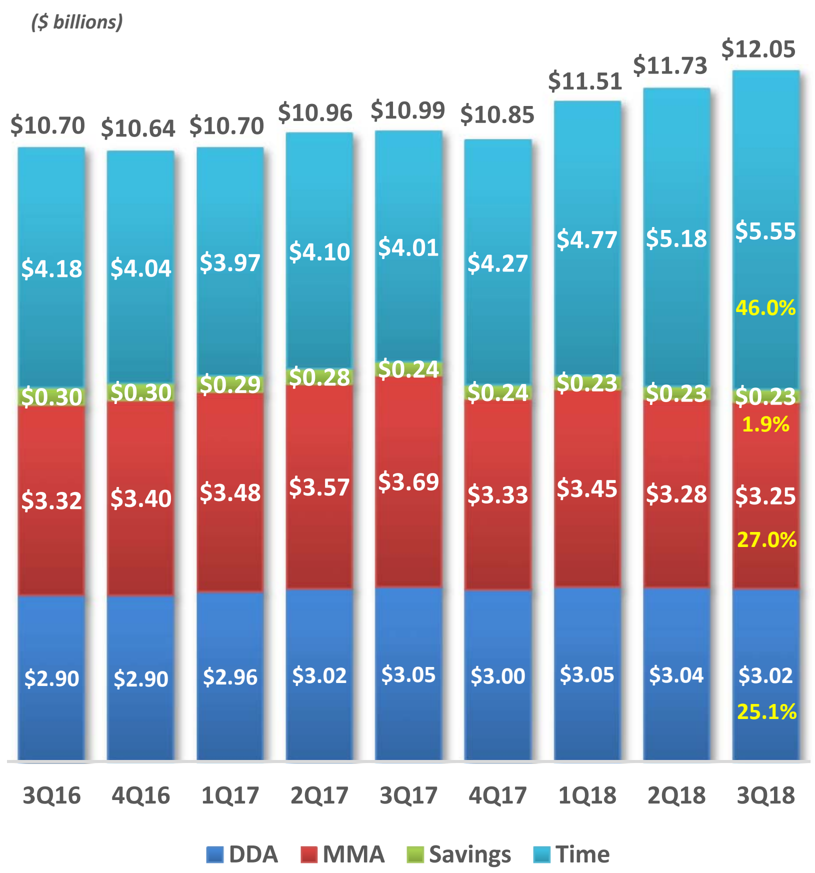




- Total end-of-period loans receivable increased **$256 million** or **2% Q-o-Q** and **9% annualized**
- YTD loan growth of 7%; on track to meet or exceed the higher end of targeted loan growth of 6% to 8% for 2018
- New loan originations funded of **$784 million**; new loan commitments of $819 million
- Well diversified mix of loan originations with 61% CRE, 18% C&I and 21% Consumer
- $2.74 billion total C&I commitments at 9/30/2018 and 54% utilization vs. 55% as of 6/30/2018
- SBA loan production of $71.4 million of which $52.5 million was 7(a)
- Average rate on new loans increased 18bps to 4.97% and trended higher for each product type

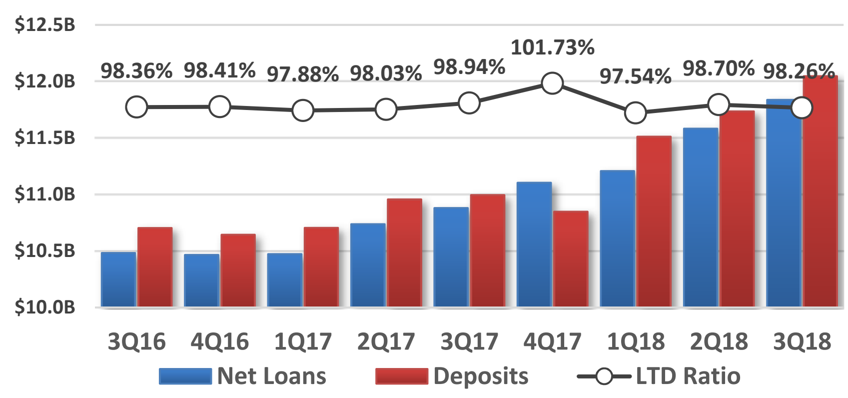
Deposit Growth Trends

Deposit Composition



- Total end-of-period deposits increased **3%** Q-o-Q to a record **$12.05 billion**
- Continue to be active in deposit gathering activities to support robust loan growth
- Growth in higher-rate time deposits results in increased deposit costs
- Deposit gathering and cost containment strategies a **top priority** and being implemented

Net Loans to Deposits



DDA = Noninterest bearing demand deposits
MMA = Money market account deposits

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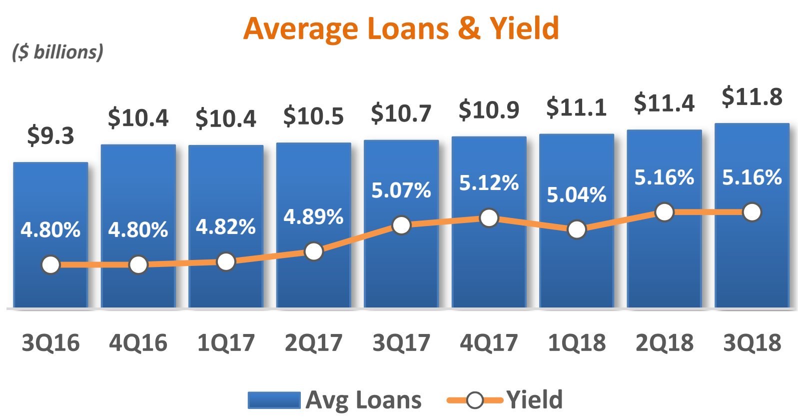
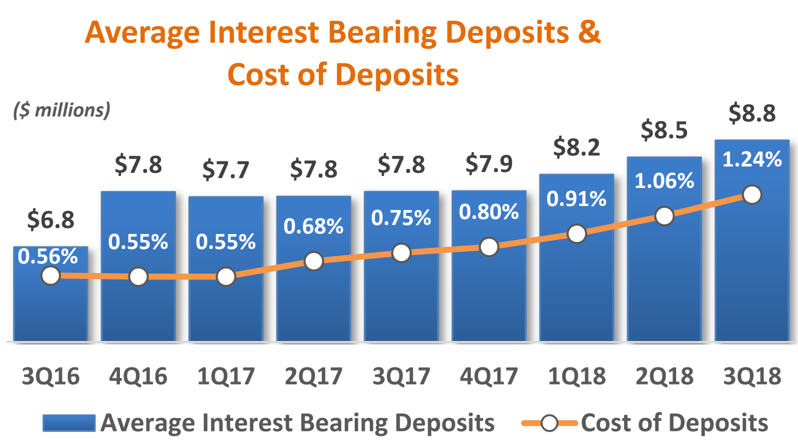
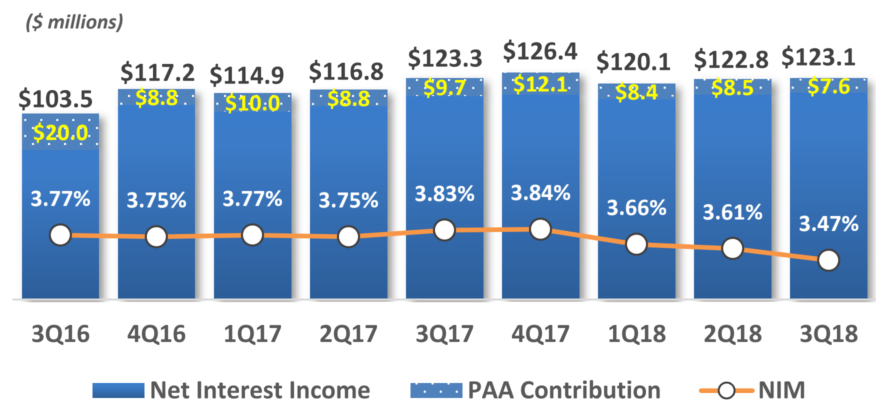
Net Interest Income and Margin

Key Net Interest Income Drivers





Net Interest Income & NIM



- 3Q18 NII increased $328,000 to $123.1 million reflecting higher level of earning assets
- Net interest margin declined 14bps
  - Driven by 18bps increase in cost of deposits
  - Anticipated loan yield expansion muted by increased payoffs of higher-yielding variable loans and lower discount accretion income
- Excluding purchase accounting adjustments, average core yield on loans increased 5bps to 4.89% due to repricing of variable rate portfolio

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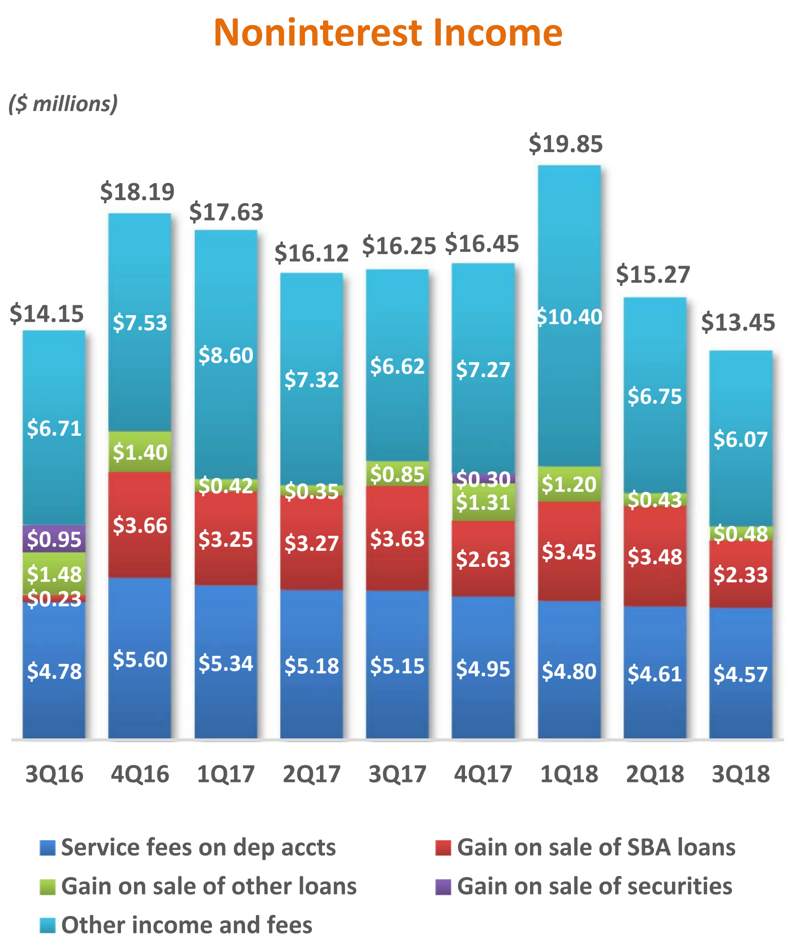
PAA = Purchase accounting adjustments

Noninterest Income

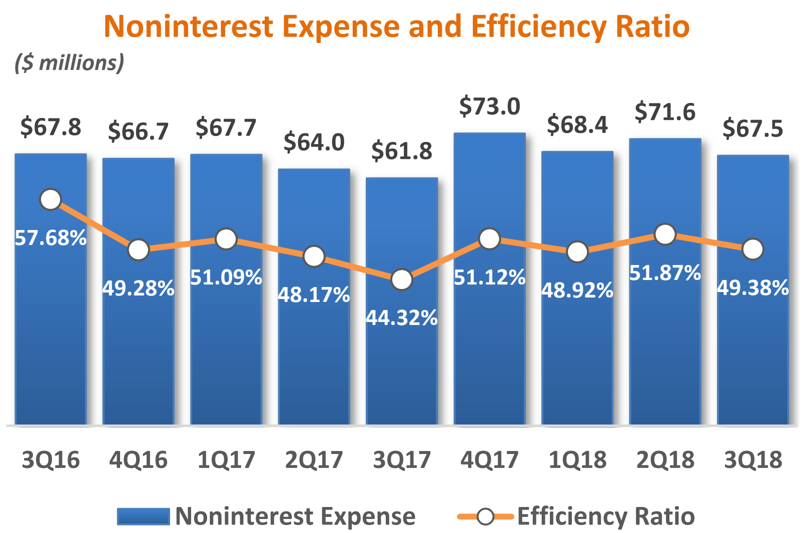


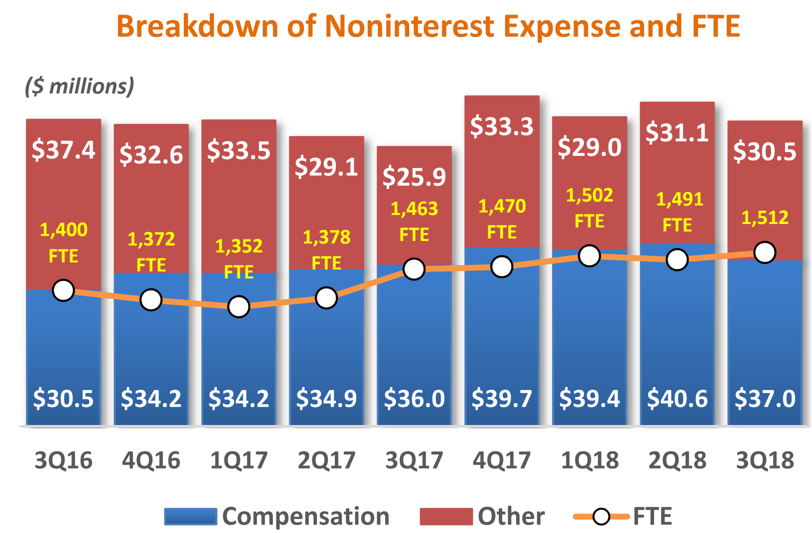
- Total noninterest income decreased $1.8 million or 12% Q-o-Q to $13.4 million

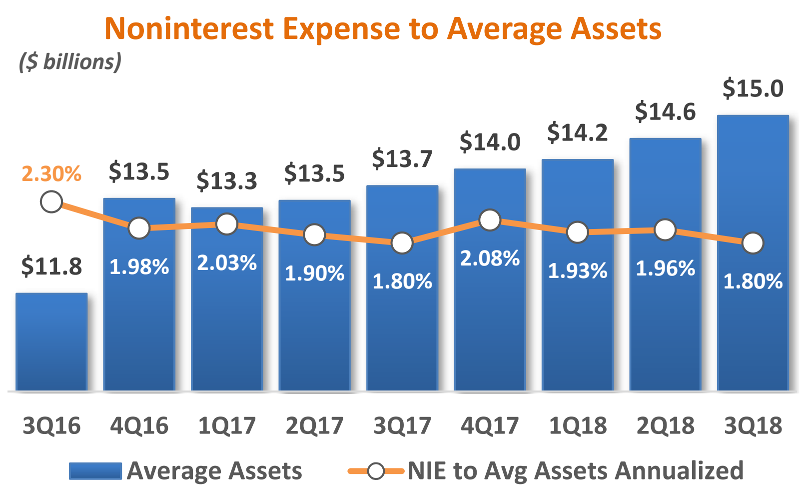
Quarter-over-Quarter Difference

- Gain on sale of SBA loans declined 33% due to lower amount of loans sold and decline in average premium
  - Faster prepayment speeds reduced duration, driving down the premiums available in the secondary market
- Other income and fees decreased 10% Q-o-Q
  - Noninterest income reduced by $1.6 million due to change in the fair value of equity investments

Noninterest Expense and Efficiency







- Noninterest expense decreased by $4.2 million from Q2 2018
  - $3.6 million decrease in compensation expense
  - $751,000 decrease in marketing/advertising expenses
  - $524,000 decrease in professional fees
  - Partially offset by $854,000 increase in other expenses related to an increase in LIHTC expenses
- Efficiency ratio improved to 49.38%
- Noninterest expense to average assets annualized improved to 1.80%

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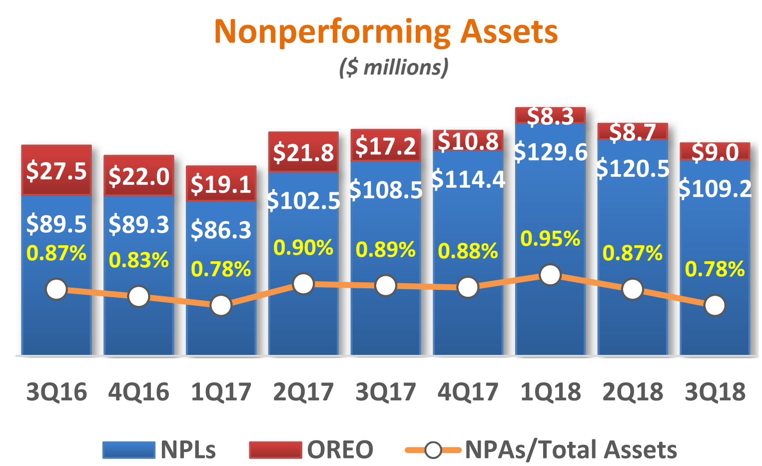
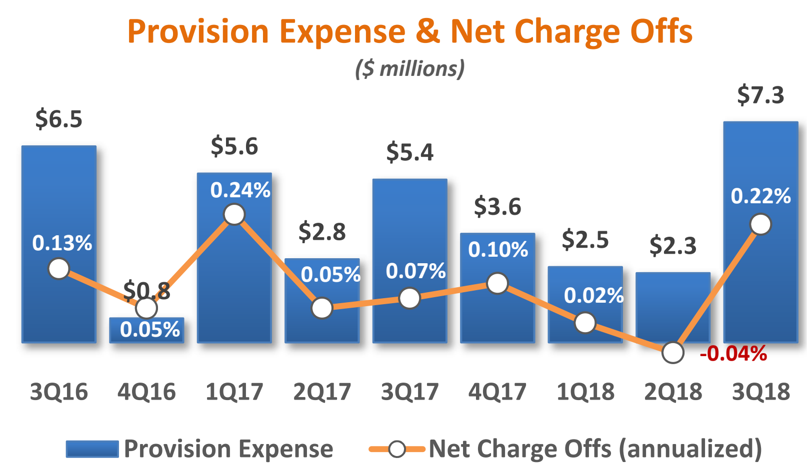
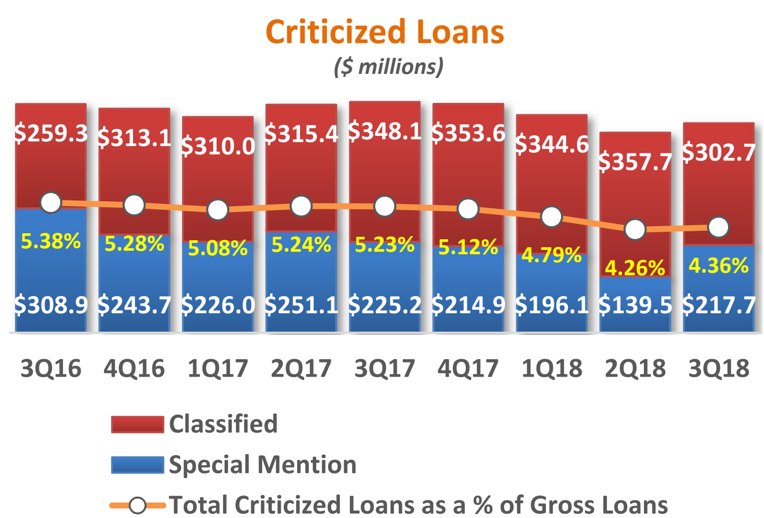
Asset Quality







- Generally stable asset quality trends
  - Nonaccrual loans decreased 17% Q-o-Q
  - Nonperforming assets declined 8% Q-o-Q
  - Nonperforming assets/total assets improved to 0.78%
  - Classified loans declined $55 million Q-o-Q
  - Total criticized loans increased $23 million Q-o-Q
  - Y-o-Y, total criticized loans decreased 9% to 4.36% of gross loans
- Net charge offs of $6.6 million includes the charge off of one large relationship which was fully reserved in a prior quarter
- Allowance to total loans receivable ratio as of 9/30/2018 stable at 0.76%

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Deposit Building and Asset Mix Initiatives

Enhanced Treasury Management Sales Program	• New leadership recruited in Q2 2018 from larger mainstream bank • Initial target list of commercial customers identified • Adding highly qualified personnel to solely focus on core deposit solicitation efforts
Targeted Employee Incentive Structure and Business Development Efforts	• Revamped incentive programs in place where compensation and incentives are directly tied to core deposit production • Recruiting middle market C&I lenders in existing footprint to focus on expanding sales efforts beyond core Korean-American customer base • Launching business development efforts focused on specialty industries and segments rich in core deposits • Tapping existing warehouse mortgage line customers to attract operation and custodial deposit accounts • Enforcing mandated deposit accounts with loan approvals
Rebuilding Online Banking Platform	• Improving online banking platform to generate digital account openings from retail depositors nationwide • Initial CD offerings available by first quarter of 2019 • Expanded offerings of online checking and MMAs in second half of 2019
Focus on Higher-Yielding Earnings Assets	• Residential mortgage focus shifting to sellable mortgage loans • On-balance sheet growth focusing on variable rate C&I and SBA loans

Near-Term Outlook & Strategies

- **Well positioned to meet or exceed loan growth guidance of 6-8% for 2018**
  - Year-to-date loan growth of 7%
- **Managing deposit costs will be key challenge and priority**
  - Continuing to remain active in deposit gathering strategies to fund good lending opportunities that are accretive to earnings
  - Targeting loan-to-deposit ratio of 98%
- **Implementing numerous initiatives focused on enhancing our deposit mix and higher-yielding interest-earning assets**
- **Anticipate net interest margin pressure**
  - Impact of rising deposit costs to be partially offset by higher interest-earning assets and loan yields
- **Noninterest expenses to average assets annualized in the 1.80% to 1.90% range**
- **Stable to improving asset quality trends supported by proactive monitoring and early detection**
- **Focused on improving market sensitivity that will lead to enhanced profitability**

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

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Q&A