



Hope Bancorp

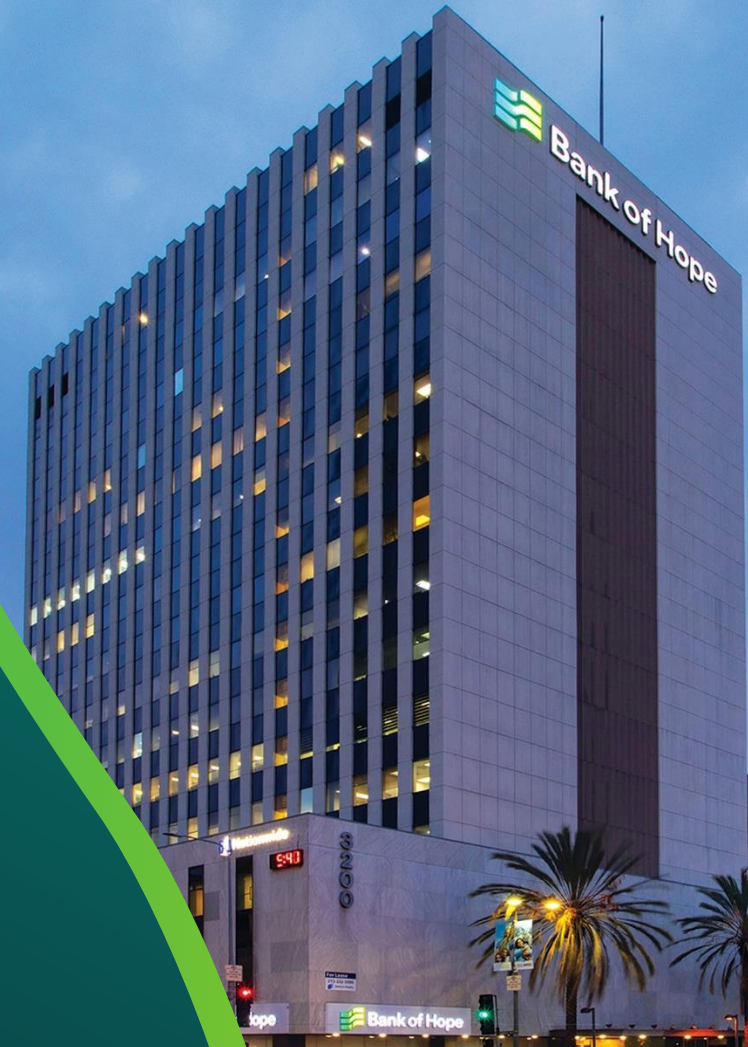
Bankers. Experts. Neighbors.

2022

First Quarter

Earnings Conference Call

Tuesday, April 19, 2022



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Q1 2022 Financial Highlights



Net Income
\$60.7M



Diluted EPS
\$0.50



Gross Loans
\$14.07B



Total Deposits
\$14.52B

Earnings & Profitability

- Net interest margin expanded 8bps Q-o-Q reflecting decreased cash balance and more favorable mix of higher-yielding earning assets
- Net income increased 18% Q-o-Q
- ROA increased to 1.37% and ROTCE¹ increased to 15.01% from 1.16% and 12.85%, respectively

Loans

- New loan production of \$1.03 billion established new first quarter record high, up 21.1% over 1Q21
- Excluding PPP, loans receivable increased 1.7% Q-o-Q, or 6.7% annualized

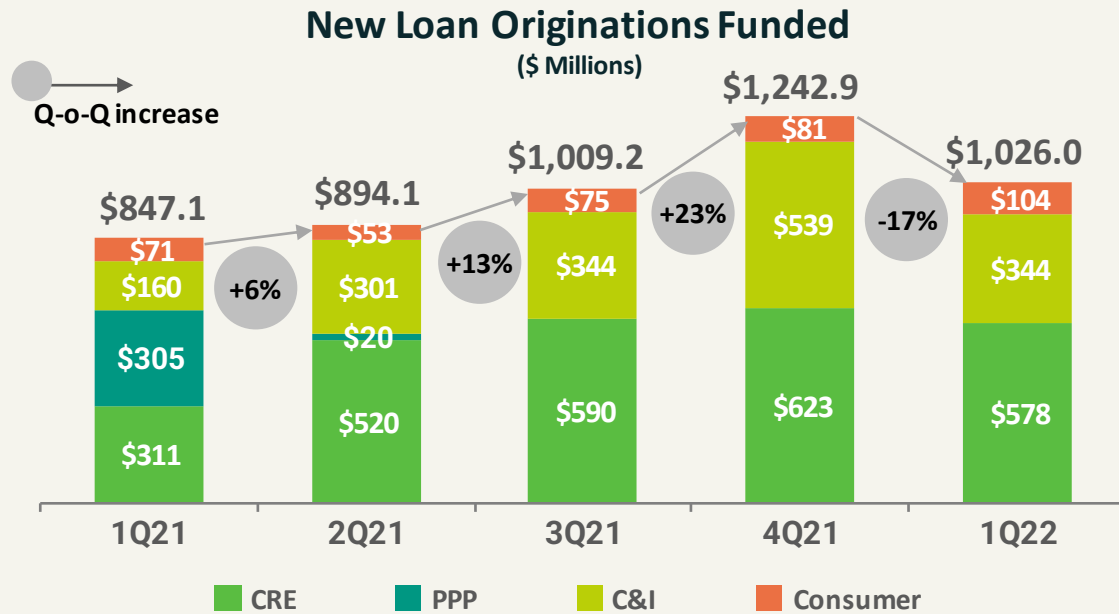
Deposits

- Cost of interest-bearing deposits declined 1bps Q-o-Q while total cost of deposits increased 1bps

Asset Quality

- Significant improvement in asset quality
- Total nonperforming assets decreased 8.4% Q-o-Q and criticized loans decreased 21.2%
- Net recoveries of \$17.9 million related to additional recoveries from a large relationship charged off in 3Q21

Loan Production & Portfolio Trends

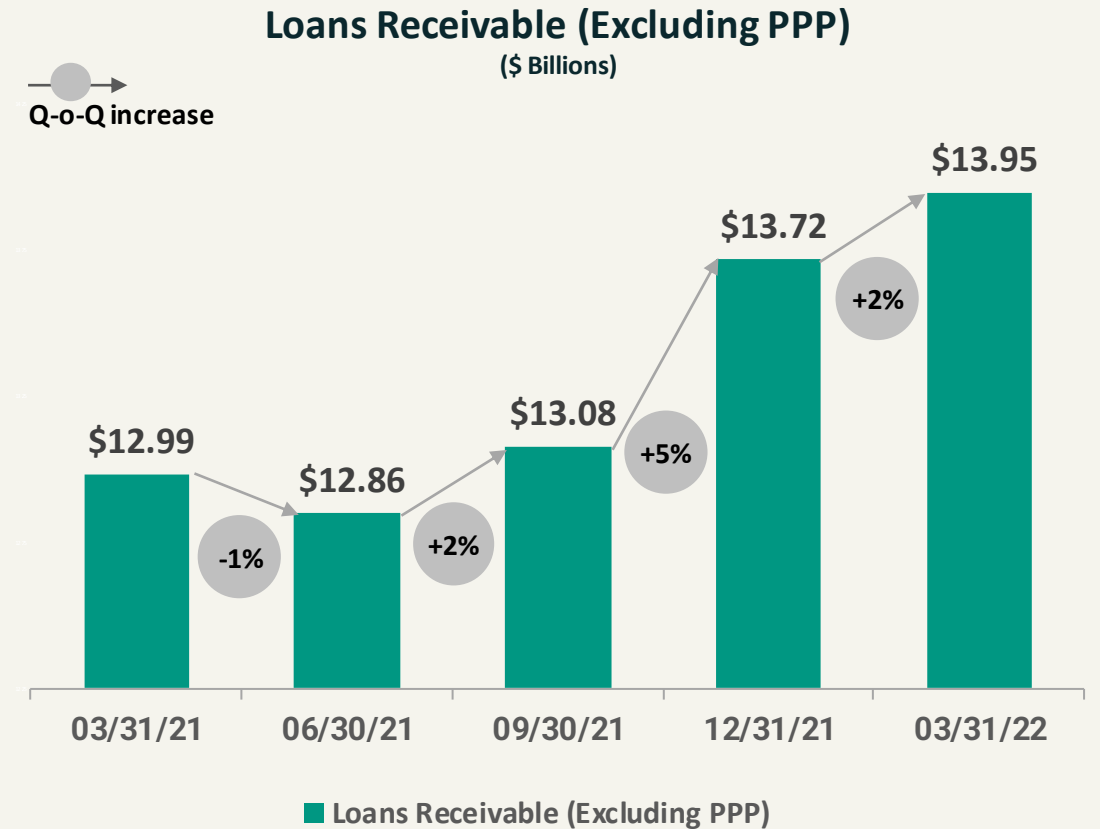


Average Rate of New Loans (Excluding PPP)

1Q21	2Q21	3Q21	4Q21	1Q22
3.44% ¹	3.37% ¹	3.36%	3.38%	3.54%

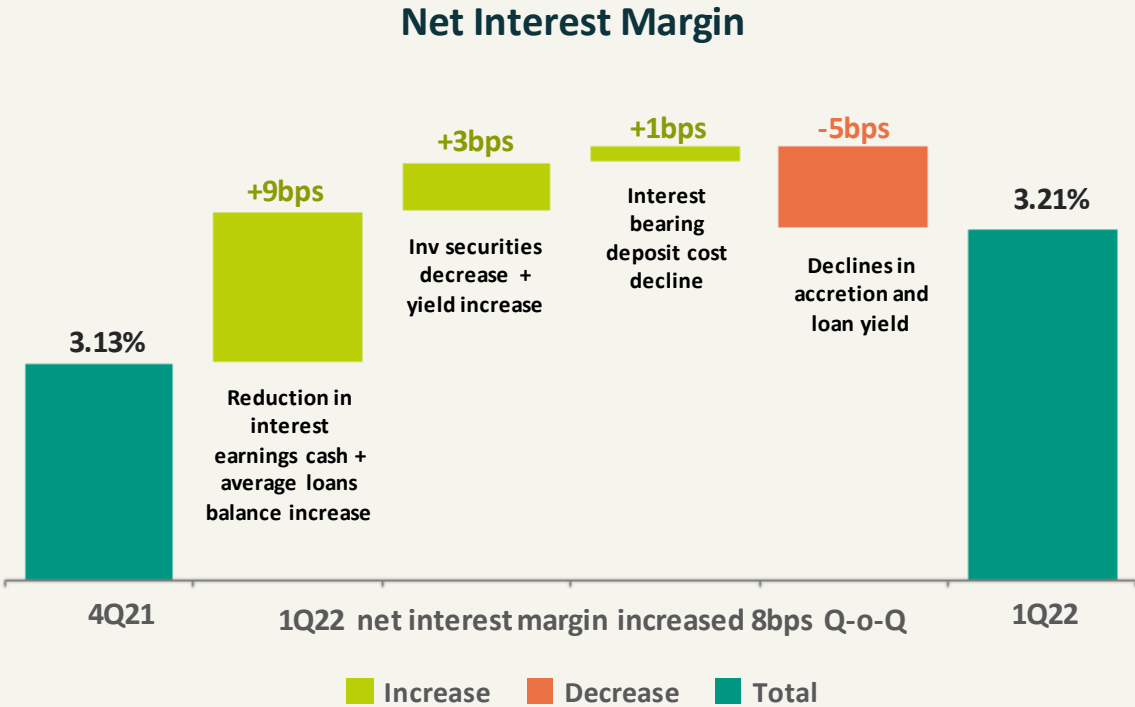
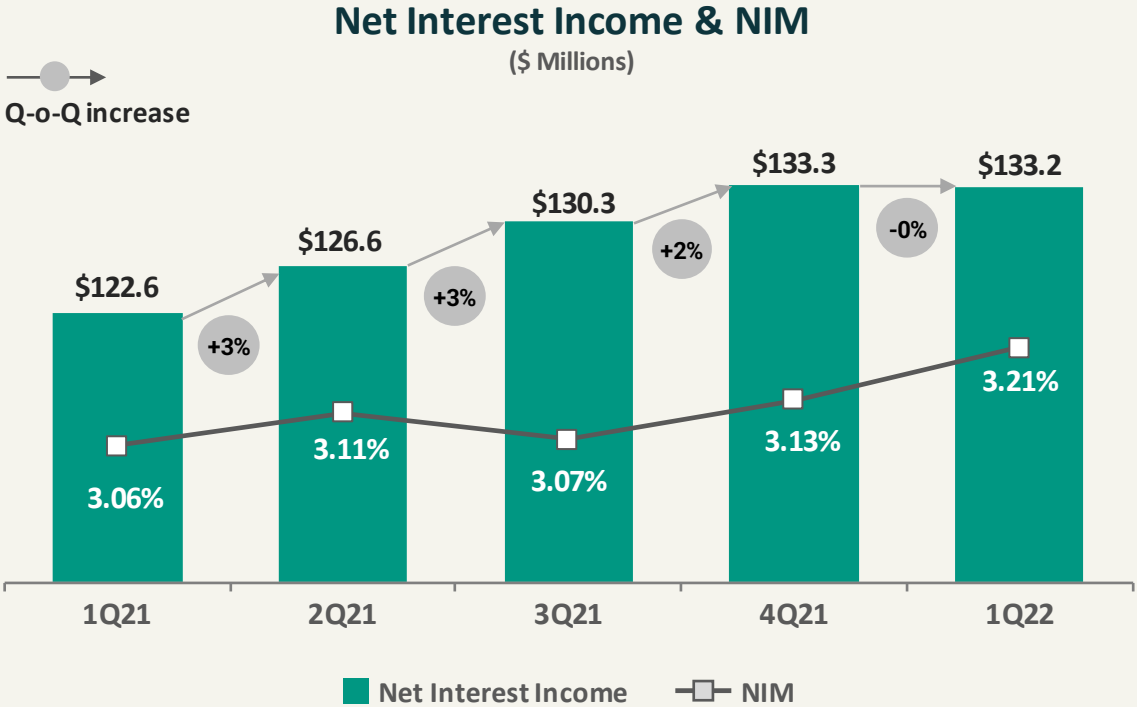
¹ Represents average rate on new loans excluding PPP loans. Including PPP loans, the average rate on new loan originations was 2.56% for 1Q21 and 3.32% for 2Q21

- New loans funded set new record first quarter high of \$1.03 billion, increasing 21.1%, or 89% excluding PPP production, Y-o-Y
- Originations reflect diverse mix of 56% CRE, 34% C&I and 10% Consumer loans
- Average rate on new loans increased 16bps Q-o-Q



- Total loans receivable, excluding PPP, increased 1.7% Q-o-Q, or 6.7% annualized
- Aggregate payoffs and paydowns decreased to \$674.0 million in 1Q22 vs. \$881.3 million in 4Q21

Net Interest Income and Margin



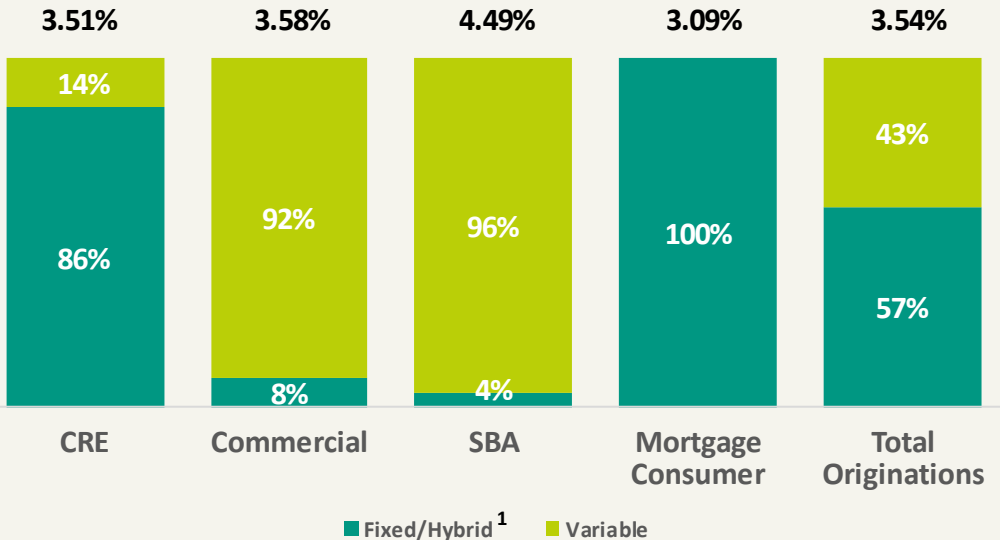
- Net interest income before provision for credit losses was stable Q-o-Q but increased 9% Y-o-Y

- 8bps Q-o-Q increase in net interest margin primarily reflected reductions in interest earning cash used to fund large increase in average loan balances

Interest Rate Risk

New Loan Fixed/Variable & Average Rate

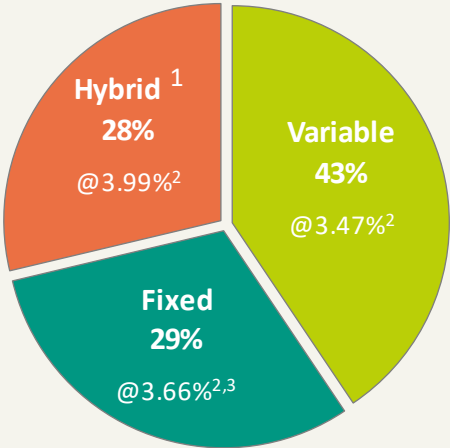
(As of 03/31/2022)



¹ Hybrid loans have fixed interest rates for a specified period and then convert to variable rates (fixed as of 3/31/2022)

Fixed / Variable Breakdown

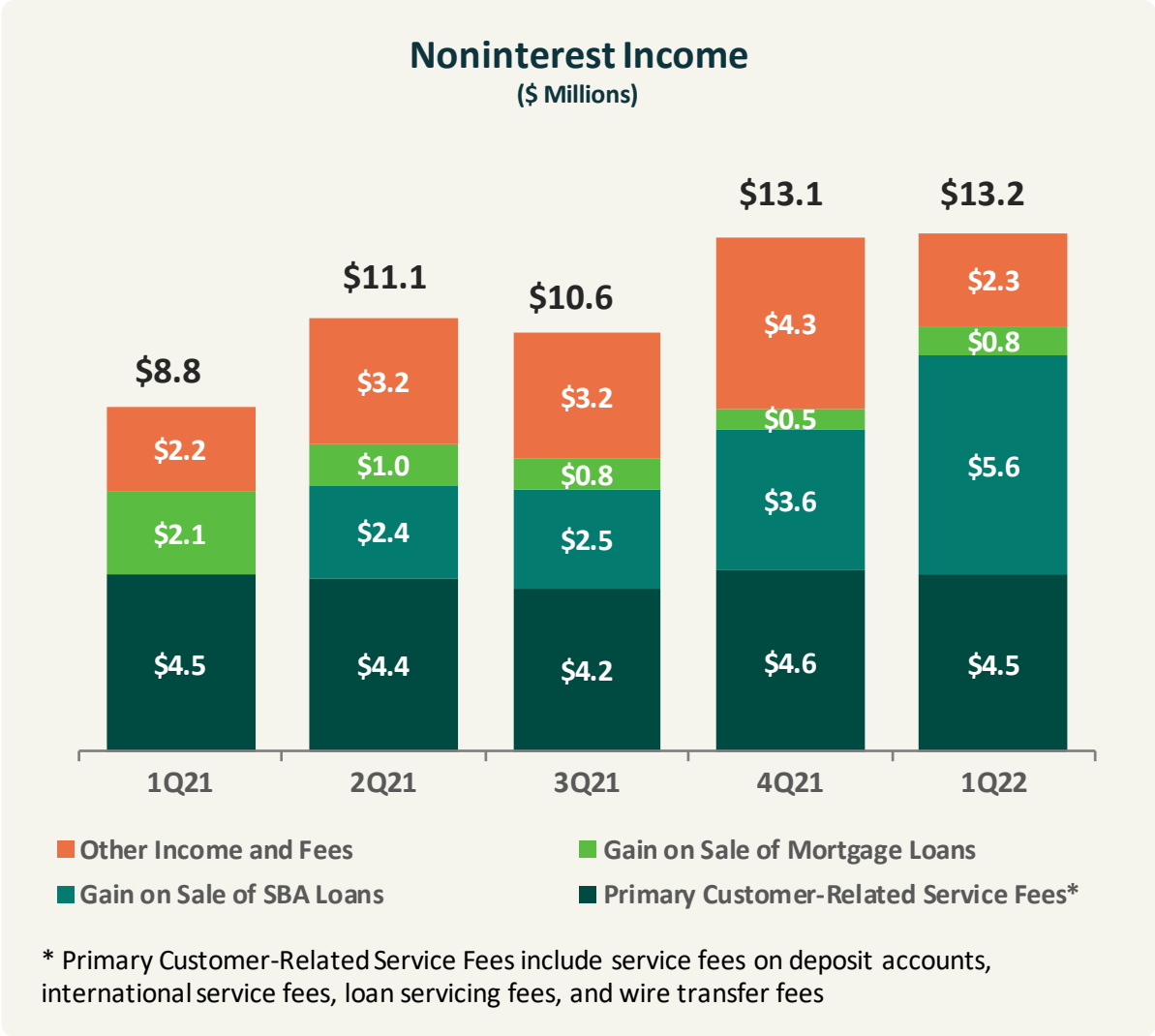
(As of 3/31/2022)



¹ Hybrid loans have fixed interest rates for a specified period and then convert to variable rates (fixed as of 3/31/2022)
² The weighted average rate represents coupon rate and excludes loan discount accretion and interest on nonaccrual loans
³ Excluding SBA PPP loans, average yield for fixed rate loans is 3.74%

- Variable rate loans as percentage of total new loan originations represented 43% of new production
- As of 3/31/2022, variable rate loans accounted for 43% of total loan portfolio
- Positioned as asset sensitive at 3/31/2022 and expect net interest income to increase as interest rates rise

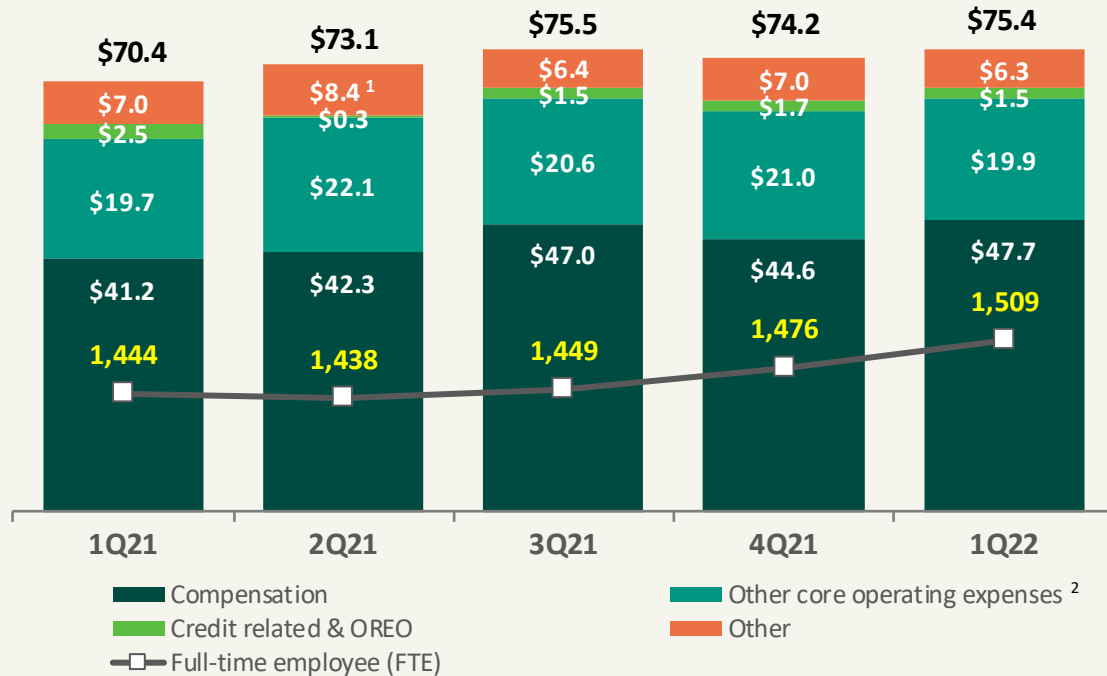
Noninterest Income



- Noninterest income increased 1% Q-o-Q to \$13.2 million vs. \$13.1 million in 4Q21
- Sold \$58.1 million of the guaranteed portion of SBA 7(a) loans to the secondary market in 1Q22 vs. \$41.0 million in 4Q21
- Sold \$37.8 million of residential mortgage loans vs. \$35.9 million in 4Q21
- Decrease in other income and fees vs. 4Q21 largely reflects Q-o-Q decreases in fair value of equity investments, CRA investment dividend income and swap fee income

Noninterest Expense and Efficiency

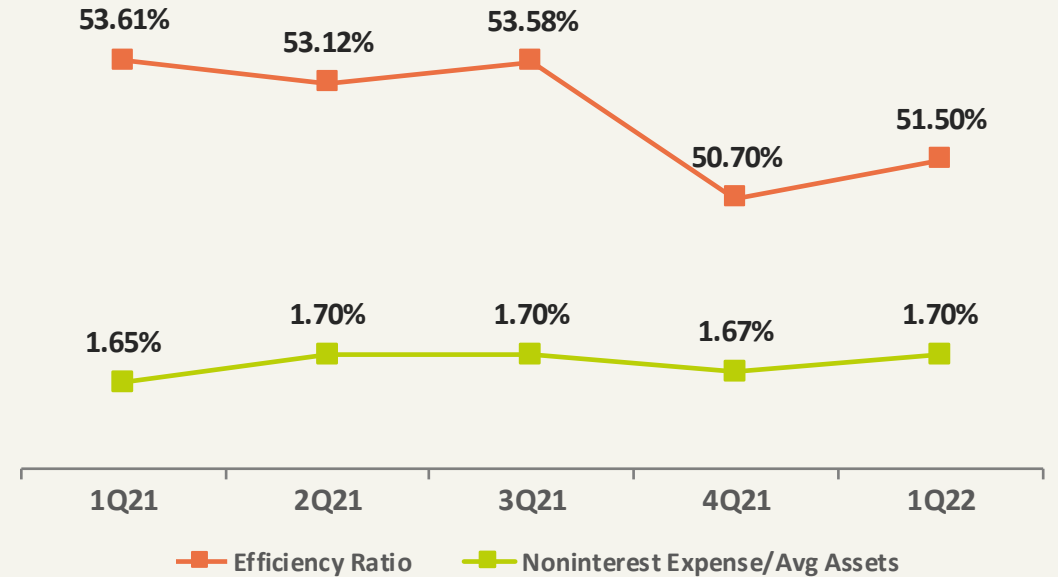
Noninterest Expense & FTE
(\$ Millions)



1. 2Q21 included software charge off expense of \$2.1MM

2. Other core operating expenses include: Occupancy & equipment, Advertising & marketing, Data & communications, Professional fees and FDIC assessment

Efficiency Ratio & Noninterest Expense to Average Assets

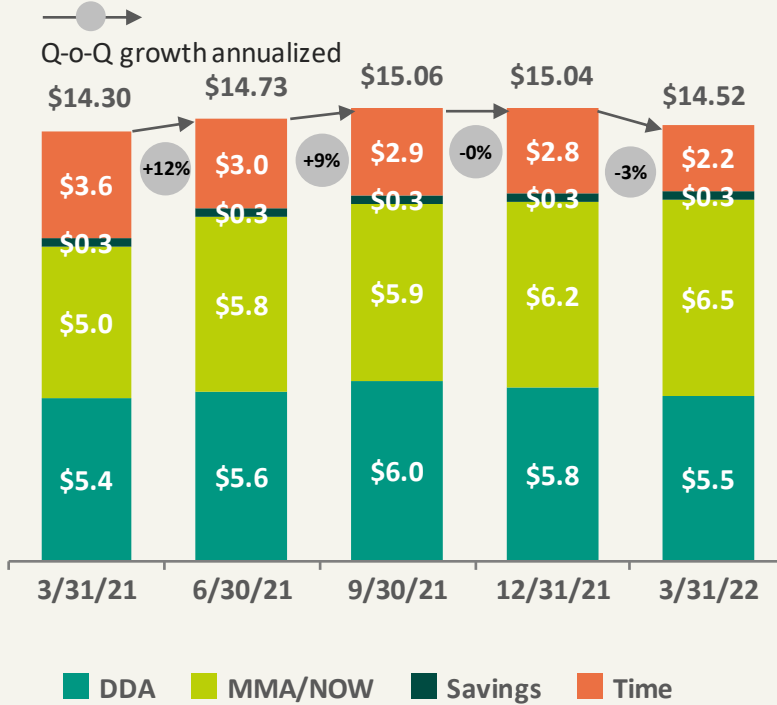


- Noninterest expense increased to \$75.4 million from \$74.2 million in 4Q21
- Q-o-Q increase in salaries and benefits for 1Q22 largely reflects seasonal increases in payroll taxes and vacation accruals, plus a decrease in deferred loan origination costs
- Most other noninterest expenses declined Q-o-Q

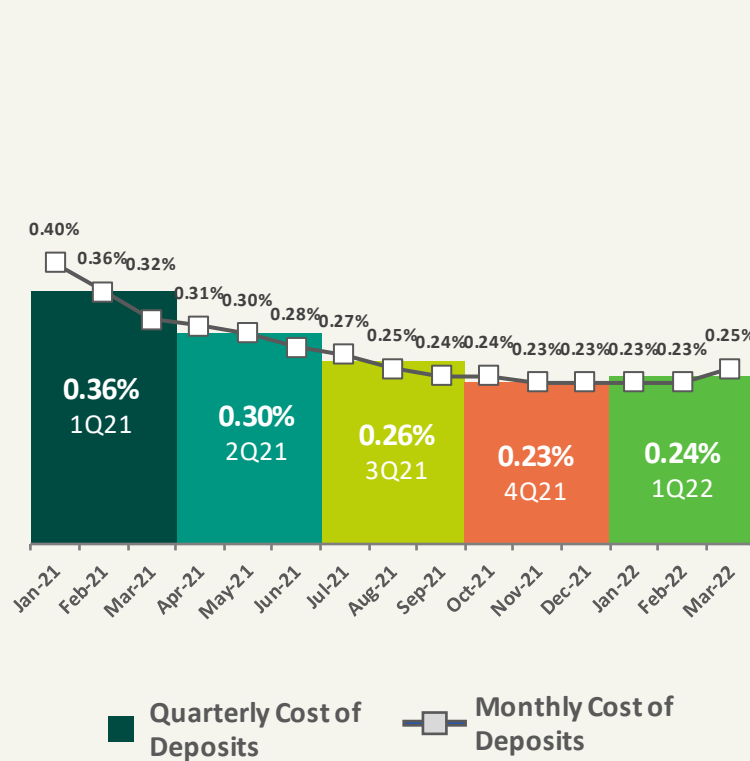
- Efficiency ratio of 51.50% for 1Q22 reflects higher salaries and employee benefits expense
- Noninterest expense to average assets of 1.70% within management's targeted range

Deposit Trends

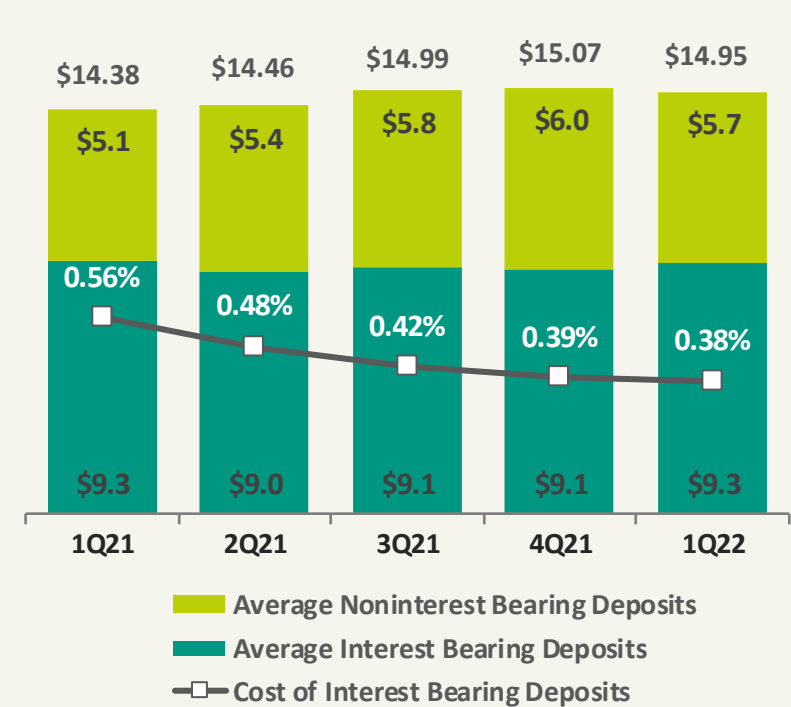
Deposit Composition (\$ Billions)



Deposit Cost Trend



Average Deposits and Cost of Interest-Bearing Deposits (\$ Billions)



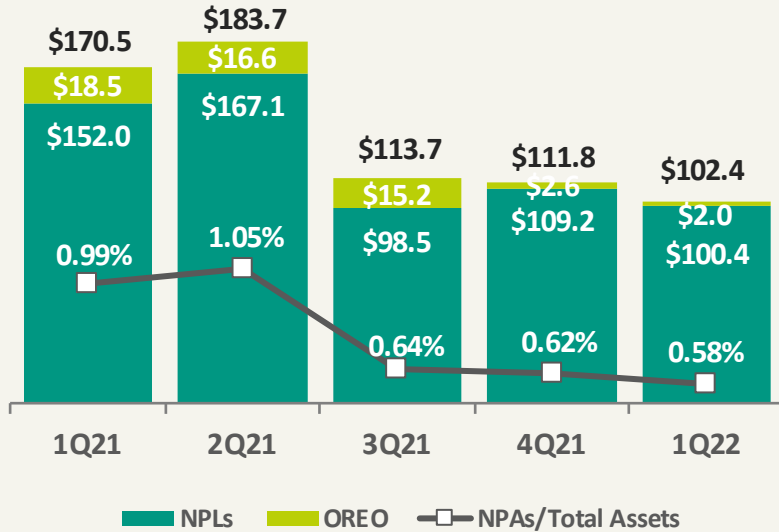
- MMA & NOW deposits increased 5% Q-o-Q and accounted for 45% of total deposits at 3/31/22
- Time deposits continued downward trend decreasing to \$2.2 billion, or 15% of total deposits at 3/31/22 vs. 18.5% at 12/31/21

- Total cost of deposits increased 1bps Q-o-Q driven by growth of interest bearing deposits as a percentage of total deposits

- Average interest bearing deposits increased 2% Q-o-Q driven by growth in MMA/NOW deposits, partially offset by decreases in time deposits
- Total cost of interest-bearing deposits decreased 1bps Q-o-Q

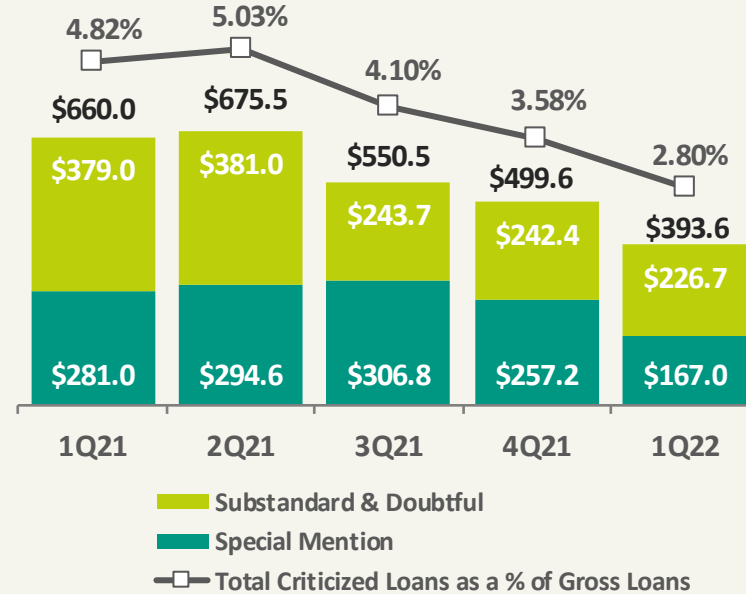
Asset Quality

Nonperforming Assets (\$ Millions)



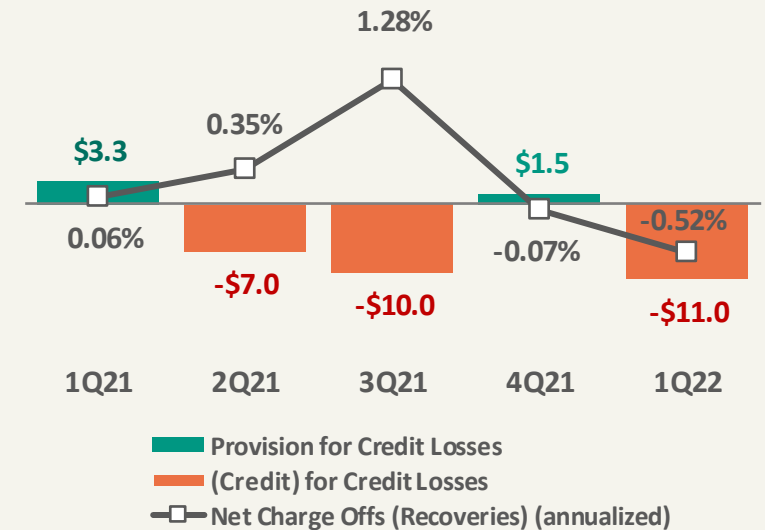
- Total nonperforming assets decreased to \$102.4 million vs. \$111.8 million as of 12/31/21, reflecting reductions in nonaccrual and accruing TDR loans
- Nonperforming assets decreased to 0.58% of total assets vs. 0.62% at 12/31/21

Total Criticized Loans (\$ Millions)



- Special mention loans decreased by \$90.2 million Q-o-Q reflecting upgrades from updated financials of borrowers post COVID modifications
- Total criticized loans declined to 2.80% of loans receivable vs. 3.58% at 12/31/21

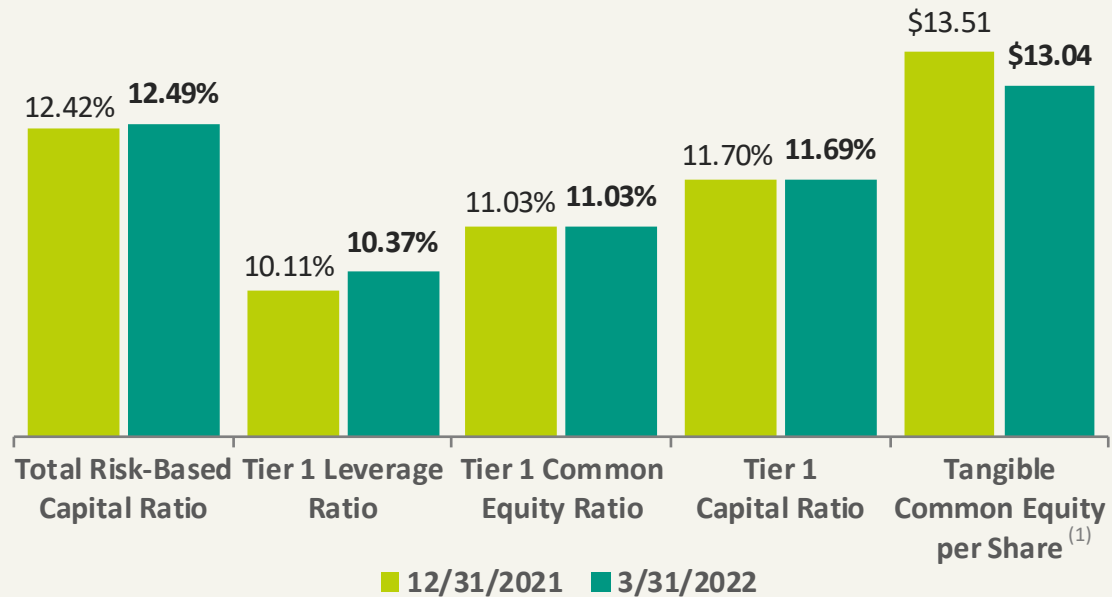
Provision (Credit) for Credit Losses & Net Charge Off (Recoveries) (\$ Millions)



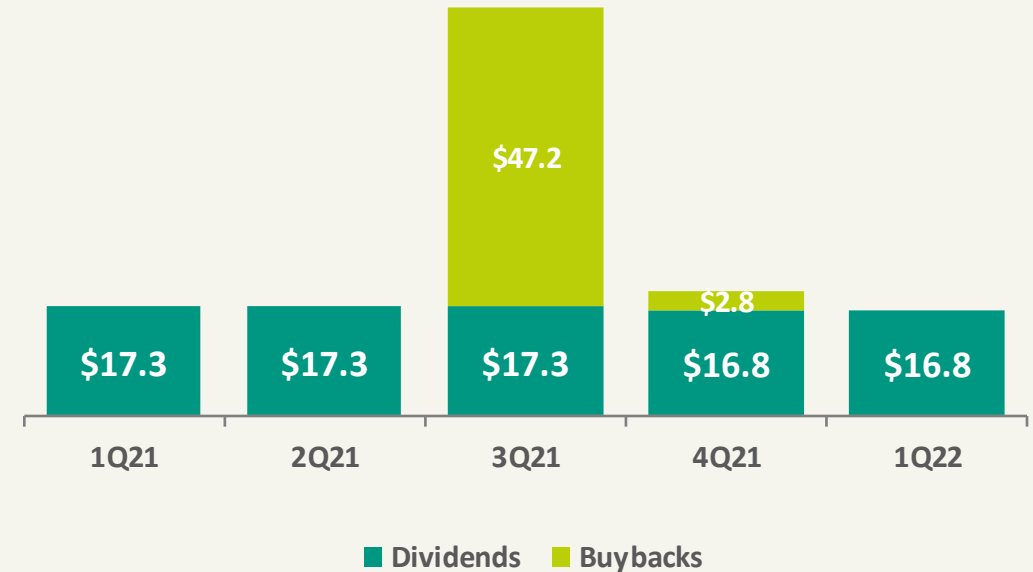
- Negative provision for credit losses of \$11.0 million reflects improved credit quality and net recoveries during the quarter
- Net recoveries of \$17.9 million, or -0.52% of average loans receivable, annualized, reflected additional recoveries related to one large relationship charged off in 3Q21

Strong Capital Position & Returns

Capital Positions



Dividends & Buybacks (\$ Millions)



Maintaining strong levels of capital

- Capital ratios generally stable or improved Q-o-Q

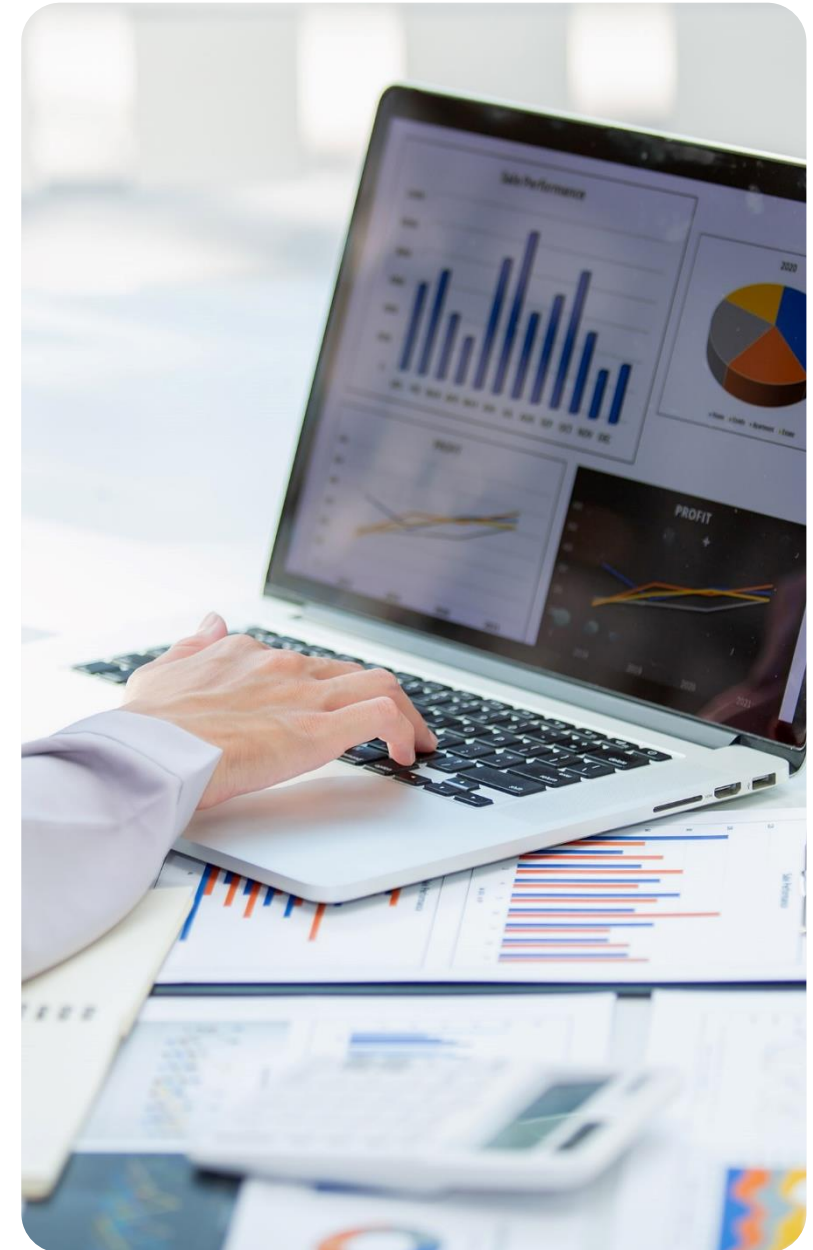
Enhancing shareholder returns

- Quarterly common stock dividend maintained at \$0.14 per share
- Board authorized \$50 million stock repurchase program in 1Q22
- Dividend yield: 3.48% | Dividend payout ratio: 30.94% (TTM)

¹ Tangible common equity per share is a non-GAAP financial measure. A quantitative reconciliation of the GAAP to non-GAAP financial measure is provided on Slide 15.

Near-Term Outlook

- ▶ **Loan Growth:** Recent business development performance and robust loan pipeline support cautious optimism for achieving high single-digit to low double-digit loan growth for 2022, excluding PPP
- ▶ **Noninterest Expenses:** Noninterest expense to average assets expected to be approximately 1.70%
- ▶ **Net Interest Margin:** Relatively stable net interest margin for Q2 2022
- ▶ **Asset Quality:** Anticipate improving asset quality metrics with criticized balances trending down an additional 10-20% for the balance of 2022, resulting in approximately 30-40% reduction for the full year
- ▶ **Profitability:** Enhanced profitability metrics expected to be driven by increasing earning assets and improving asset quality metrics





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Q&A



Appendix

Appendix: Non-GAAP Financials

Management reviews select non-GAAP financial measures in evaluating the Company's financial performance and in response to market participant interest. A reconciliation of the GAAP to non-GAAP financial measures utilized by management is provided below.

Pre-provision Net Revenue (PPNR)			
(\$ in thousands)	1Q22	4Q21	1Q21
Net interest income before provision (credit) for credit losses	\$ 133,176	\$ 133,318	\$ 122,579
Noninterest income	13,186	13,097	8,804
Revenue	146,362	146,415	131,383
Less: noninterest expense	75,373	74,236	70,431
Pre-provision net revenue	\$ 70,989	\$ 72,179	\$ 60,952

Return on Average Tangible Common Equity (ROTCE)

(\$ in thousands)	1Q22	4Q21	1Q21
Average stockholders' equity	\$ 2,090,755	\$ 2,079,694	\$ 2,047,506
Less: goodwill and core deposit intangible assets, net	(471,921)	(472,405)	(473,961)
Average tangible common equity	\$ 1,618,834	\$ 1,607,289	\$ 1,573,545
Net Income	\$ 60,738	\$ 51,623	\$ 43,687
Return on average tangible common equity (annualized)	15.01%	12.85%	11.11%

Tangible Common Equity Per Share

(\$ in thousands)	1Q22	4Q21	1Q21
Total stockholders' equity	\$ 2,041,057	\$ 2,092,983	\$ 2,045,581
Less: Goodwill and core deposit intangible assets, net	(471,634)	(472,121)	(473,648)
Tangible common equity	1,569,423	1,620,862	1,571,933
Common shares outstanding	120,327,689	120,006,452	123,480,494
Tangible common equity per share	\$ 13.04	\$ 13.51	\$ 12.73