Hope Bancorp

Bankers. Experts. Neighbors.

2021
Fourth Quarter and Full-Year
Earnings Conference Call

Tuesday, January 25, 2022

Forward Looking Statements & Additional Disclosures

This presentation contains 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, 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; the failure of or changes to assumptions and estimates underlying the Company's allowances for credit losses, including the timing and effects of the implementation of the current expected credit losses model; regulatory risks associated with current and future regulations; and the COVID-19 pandemic and its impact on our financial position, results of operations, liquidity, and capitalization. For additional information concerning these and other risk factors, see the Company's most recent Annual Report on Form 10-K. 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.

Q4 2021 Financial Highlights

Net Income
$51.6M

Diluted EPS
$0.43

Gross Loans
$13.95B

Total Deposits
$15.04B

Earnings & Profitability

- Net interest income before provision for credit losses increased 2% to $133.3 million
- Efficiency ratio improved 288bps Q-o-Q to 50.70%; noninterest expense to average assets improved 3bps to 1.67%
- PPNR[1] increased 10% Q-o-Q to $72.2 million
- Net interest margin expanded 6bps Q-o-Q largely reflecting redeployment of excess liquidity

Loans

- New loan production increased 23% Q-o-Q to a record **$1.24 billion** from **$1.01 billion** in 3Q21
- Excluding PPP, loans receivable increased 4.9% Q-o-Q, or 19.6% annualized

Deposits

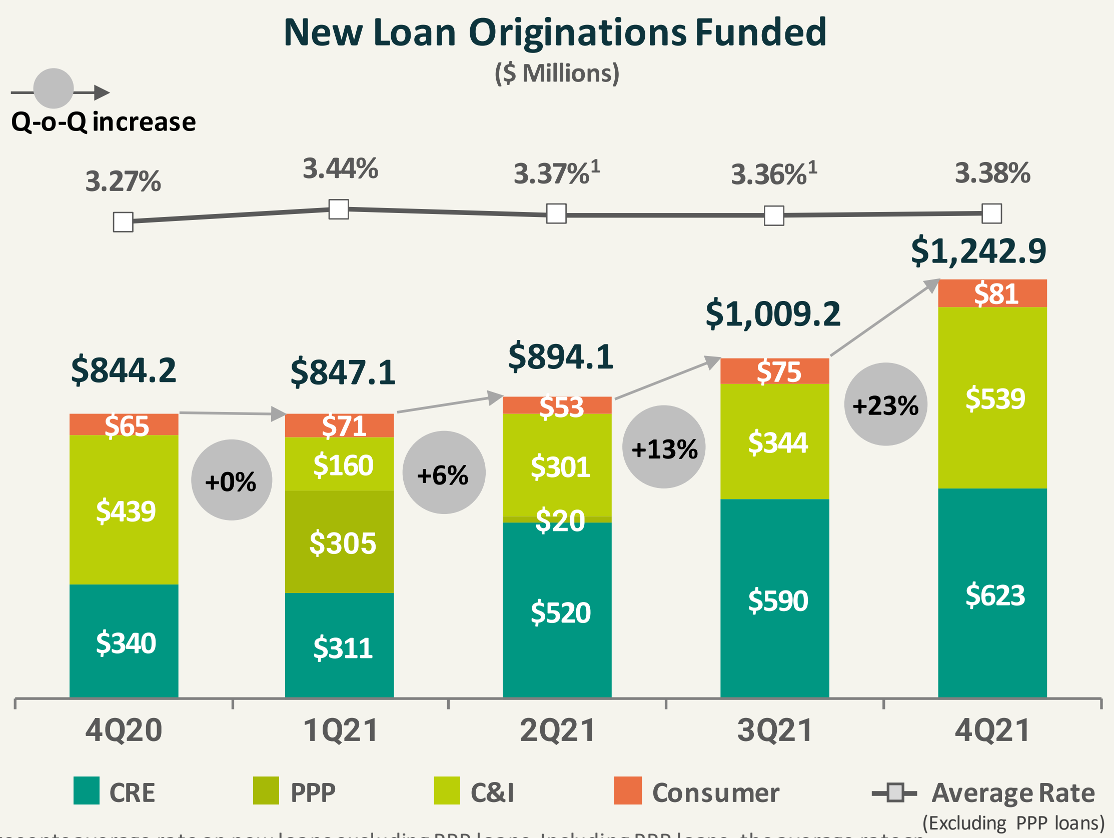
- Average noninterest bearing deposits increased 2.0% Q-o-Q
- Cost of interest-bearing deposits and total cost of deposits each decreased 3 basis points Q-o-Q

Asset Quality

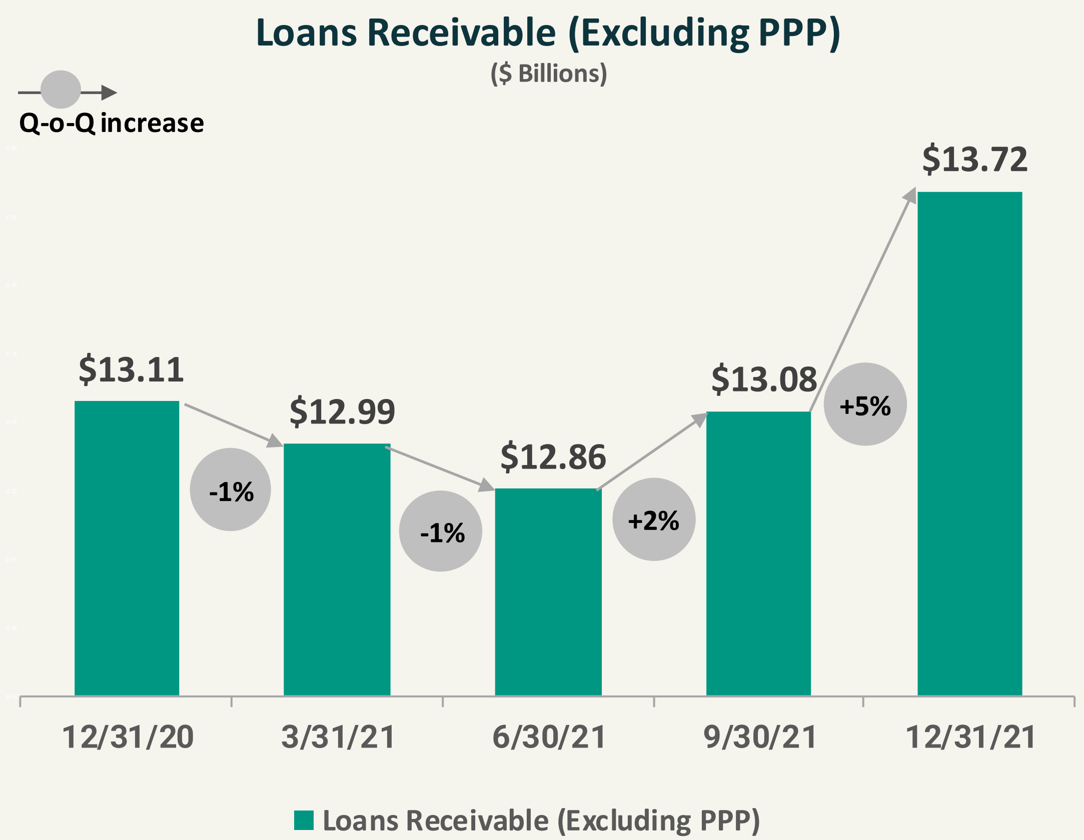
- Total nonperforming assets decreased to $111.8 million
- Total criticized loans decreased 9.2% Q-o-Q
- Net recoveries of $2.3 million related to a large loan charged off in 3Q21

[1] PPNR (pre-provision net revenue) is a non-GAAP financial measure. A quantitative reconciliation of the GAAP to non-GAAP financial measure is provided on Slide 16.

Loan Production & Portfolio Trends



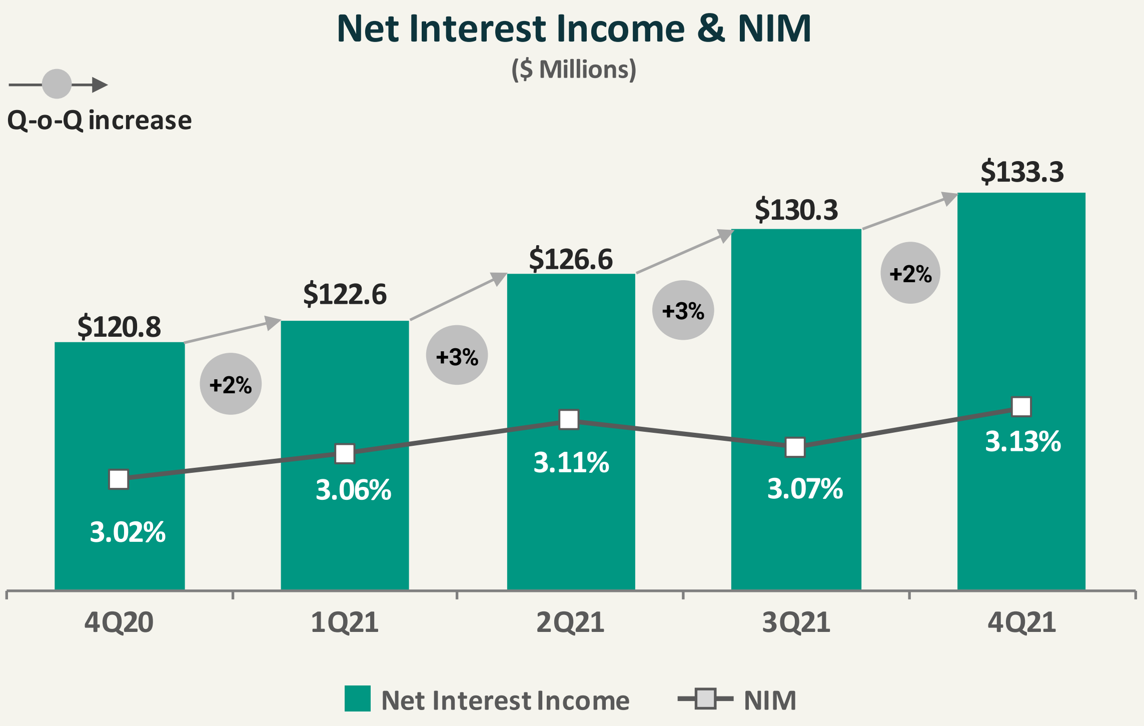
1 Represents average rate on new loans excluding PPP loans. Including PPP loans, the average rate on new loan originations was 2.56% for 1Q21 and 3.32% for 2Q21

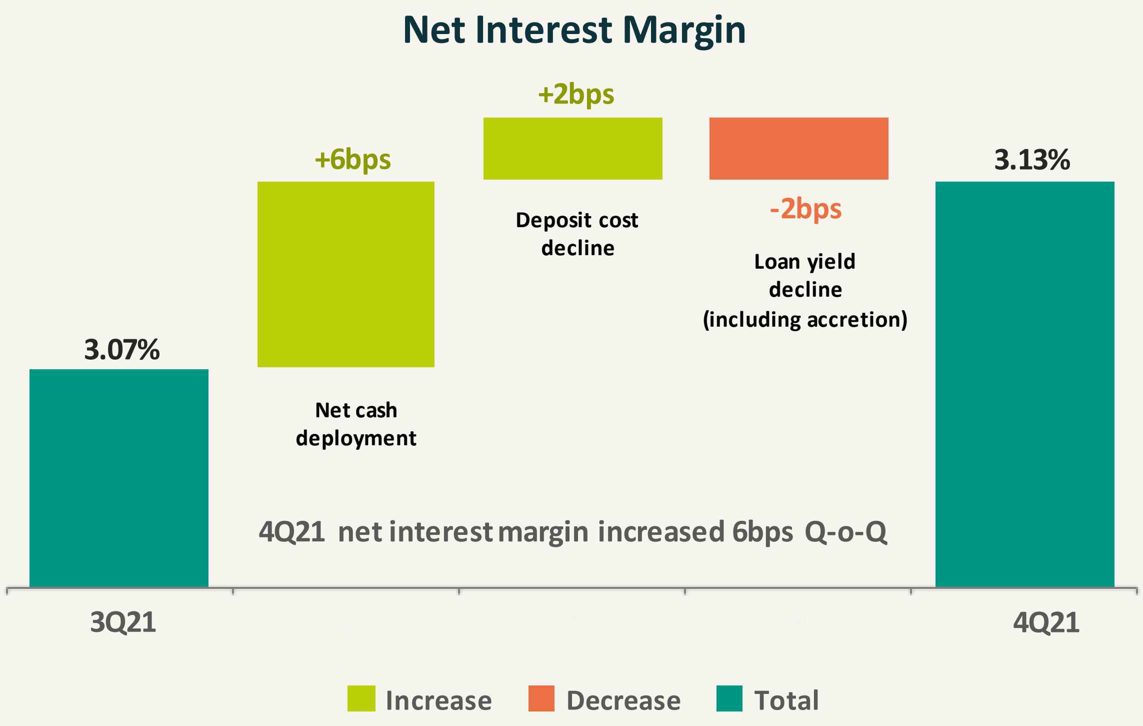


- New loan originations funded increased 23.2% Q-o-Q to a record high $1.24 billion
- New loan production reflects a diverse mix of 50% CRE, 43% C&I and 7% Consumer loans
- Average rate on new loans increased 2bps Q-o-Q

- Loans receivable increased 4.0% Q-o-Q, or 15.9% annualized
- Excluding PPP, loans receivable increased 4.9% Q-o-Q, or 19.6% annualized
- Aggregate payoffs and paydowns decreased to $881.3 million from $904.7 million in 3Q21

Net Interest Income and Margin





- Net interest income increased 2% Q-o-Q and 10% Y-o-Y reflecting higher interest income on loans and investment securities and lower interest expense on deposits

- 6bps improvement in net interest margin largely benefitting from redeployment of excess liquidity into loans

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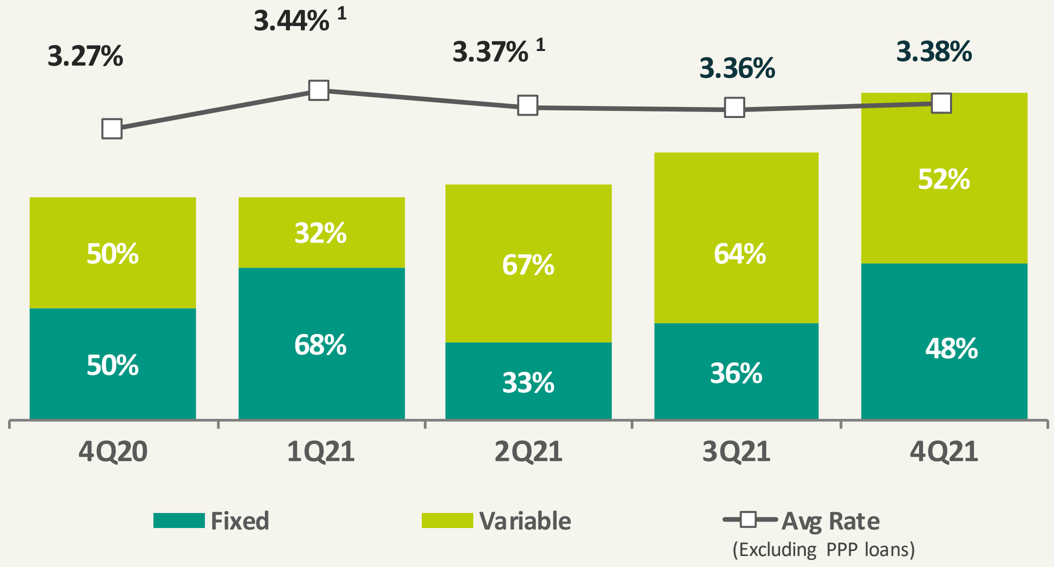
Interest Rate Risk

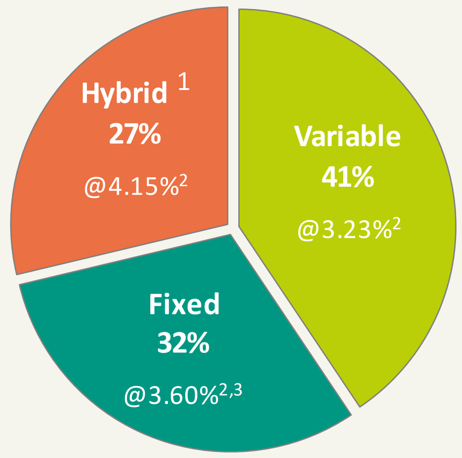
New Loan Fixed/Variable & Average Rate



1 Average rate on new loans including SBA PPP was 2.56% for 1Q21 and 3.32% for 2Q21

Fixed / Variable Breakdown

(As of 12/31/2021)



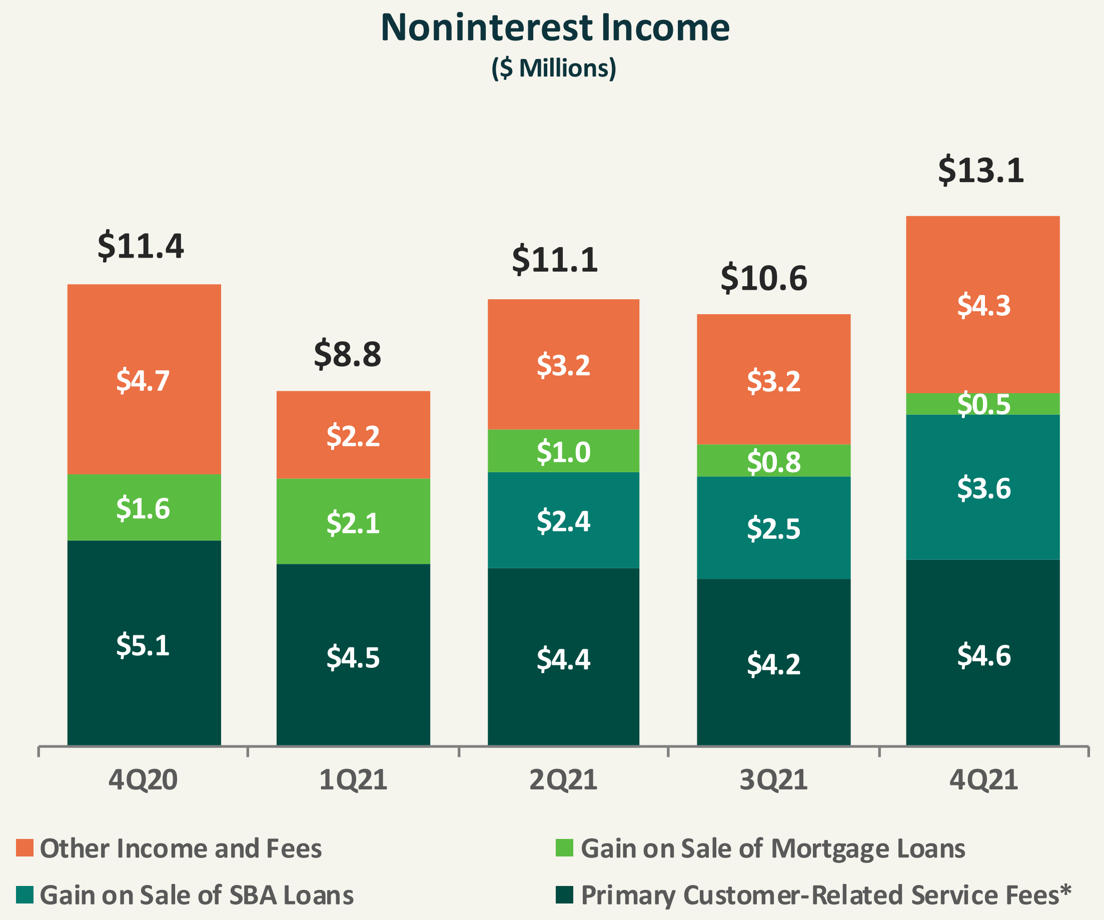
1 Hybrid loans have fixed interest rates for a specified period and then convert to variable interest rates (fixed as of 12/31/2021)

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%

- **Positioned as asset sensitive at 12/31/2021 and expect net interest income to increase as interest rates rise**
- **Significant increases in noninterest bearing demand deposits during 2021 increased asset sensitive position at 12/31/21 vs. year-end 2020**
- **Variable rate loans as percentage of total loans trended higher in 2021 and was 41% at 12/31/21**

Noninterest Income



* Primary Customer-Related Service Fees include service fees on deposit accounts, international service fees, loan servicing fees, and wire transfer fees

- **Noninterest income increased 23% Q-o-Q to $13.1 million vs. $10.6 million in 3Q21**
  - All components of primary customer-related service fees* increased Q-o-Q
- **Sold $41.0 million of the guaranteed portion of SBA 7(a) loans to the secondary market in 4Q21 vs. $31.3 million in 3Q21**
- **Sold $34.9 million of residential mortgage loans vs. $40.2 million in 3Q21**
- **Increase in other income and fees Q-o-Q largely reflects higher swap fee income and equity investment dividend income**

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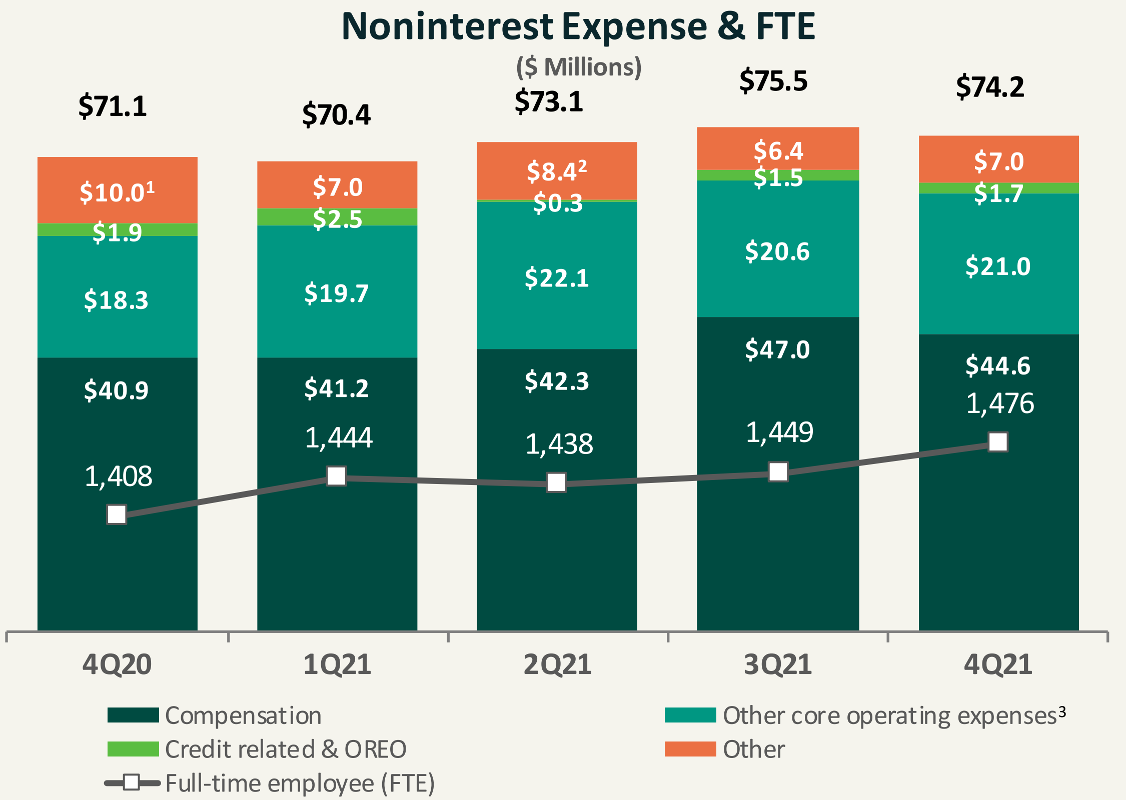
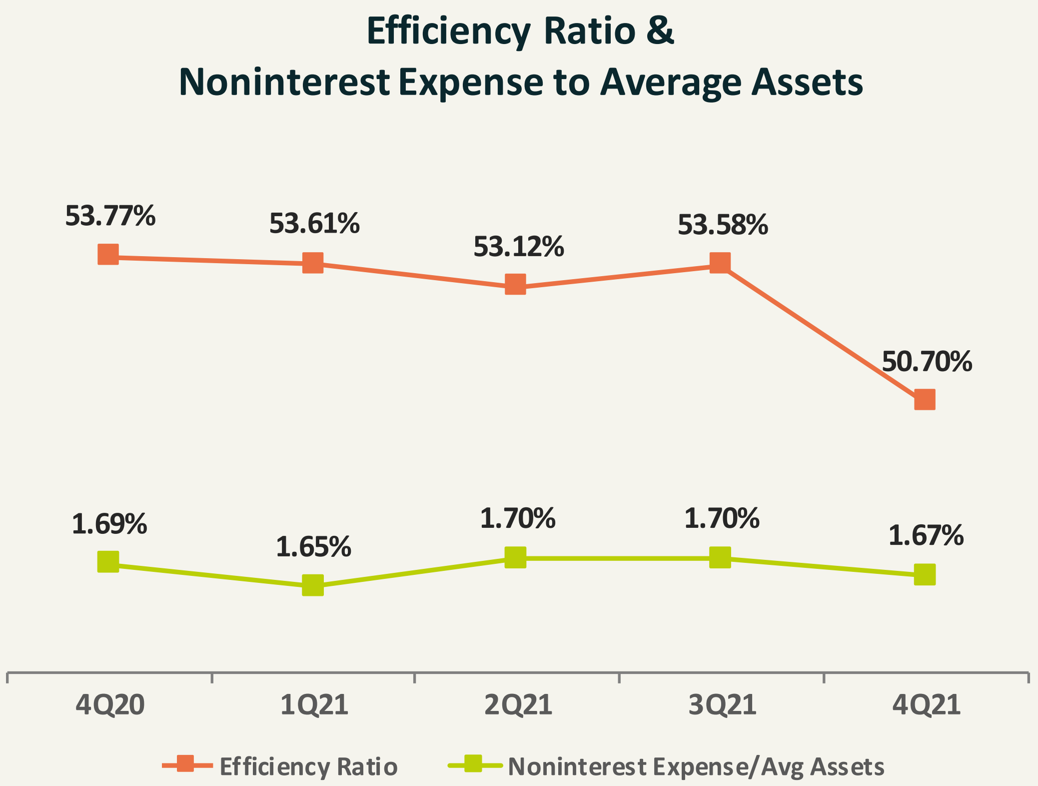
Noninterest Expense and Efficiency



1. 4Q20 included branch restructuring costs of $2.4MM
2. 2Q21 included software charge off expense of $2.1MM
3. Other core operating expenses include: Occupancy & equipment, Advertising & marketing, Data & communications, Professional fees and FDIC assessment



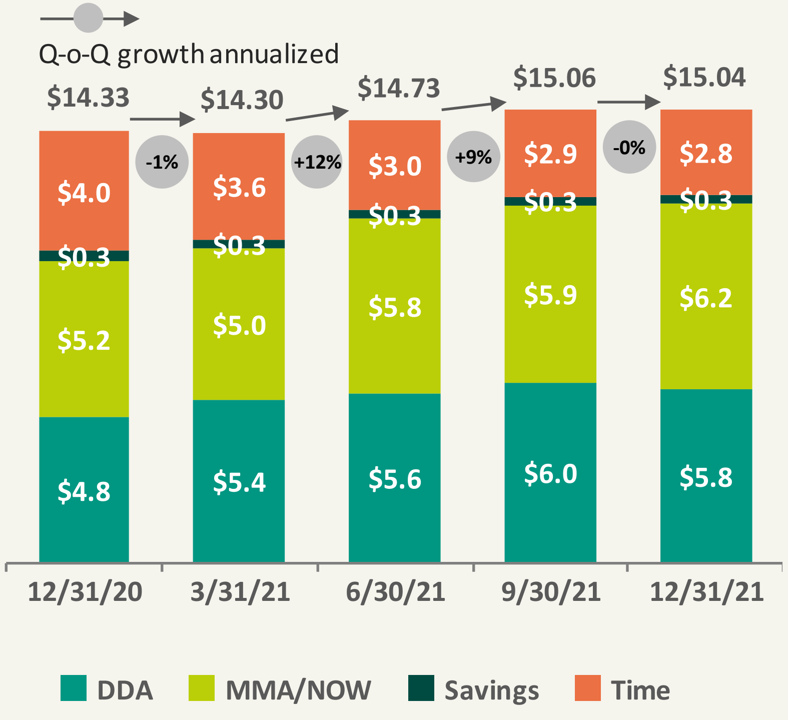
- Noninterest expense decreased to $74.2 million from $75.5 million in 3Q21
- 4Q21 salaries and benefits reflects more normalized bonus reserves, stock compensation expense and increased deferred loan origination costs

- Efficiency ratio improved 288bps Q-o-Q to 50.70% vs. 53.58% in 3Q21
- Noninterest expense to average assets improved 3bps to 1.67% from 1.70% in 3Q21

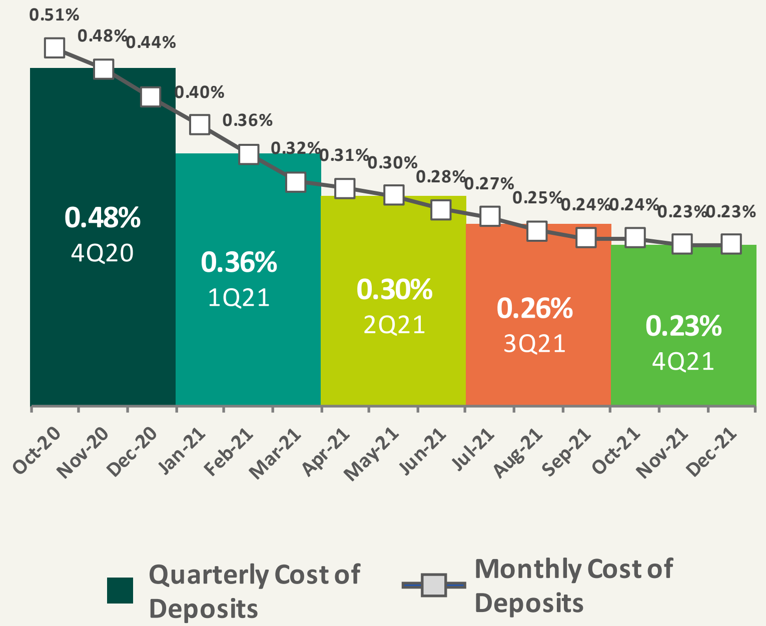
Deposit Trends

Deposit Composition

($ Billions)

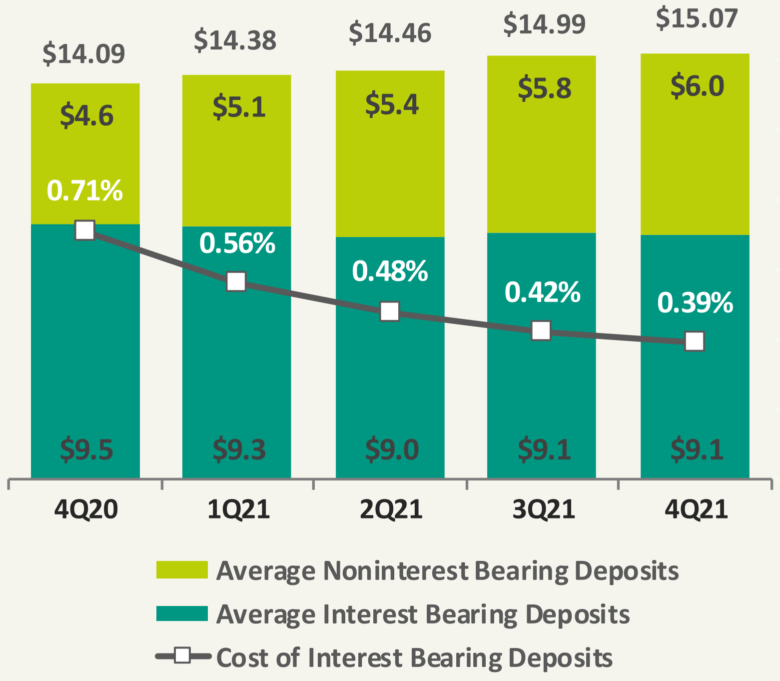


Deposit Cost Trend



Average Deposits and Cost of Interest-Bearing Deposits

($ Billions)



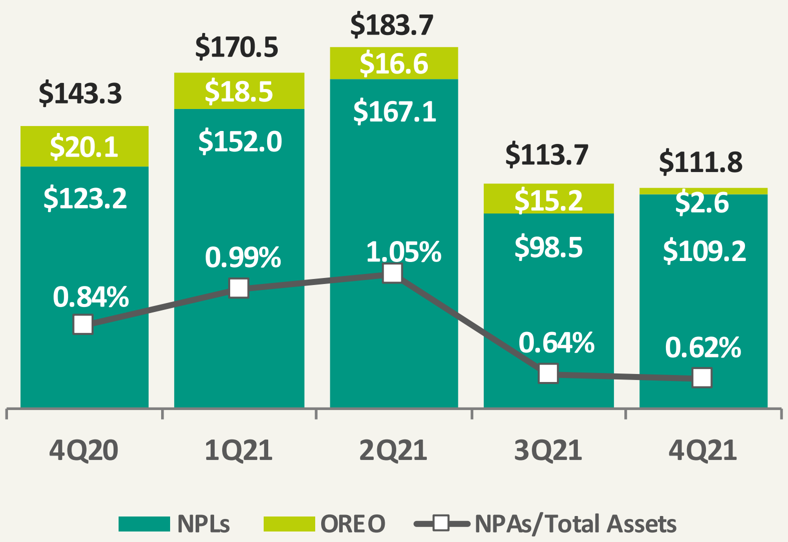
- Deposit mix continued to improve with non-time deposits accounting for 81.5% of total deposits vs. 81.0% at 9/30/21
- MMA & NOW deposits increased 5% Q-o-Q and accounted for 41% of total deposits at 12/31/21

- Total cost of deposits decreased 3bps Q-o-Q
- Represents 9th consecutive quarter of declining deposit cost

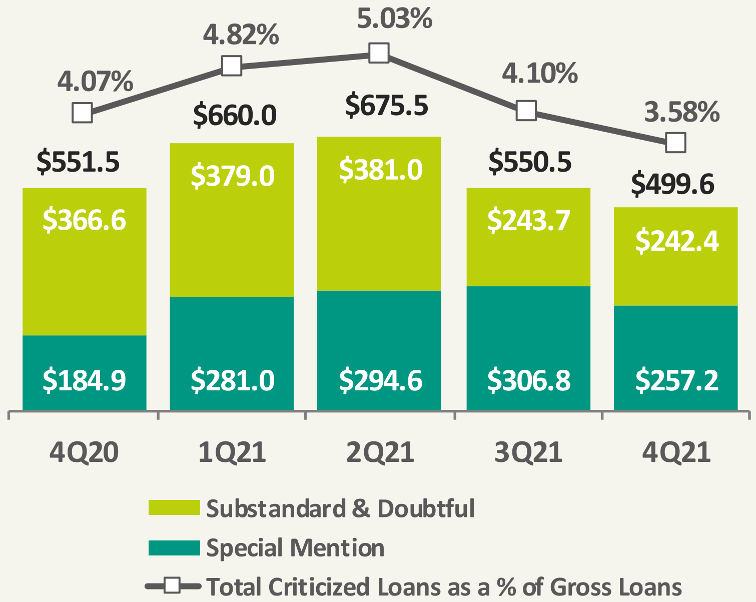
- Average noninterest bearing demand deposits increased 2% Q-o-Q contributing to deposit cost decline
- Total cost of interest-bearing deposits decreased 3bps Q-o-Q

Asset Quality

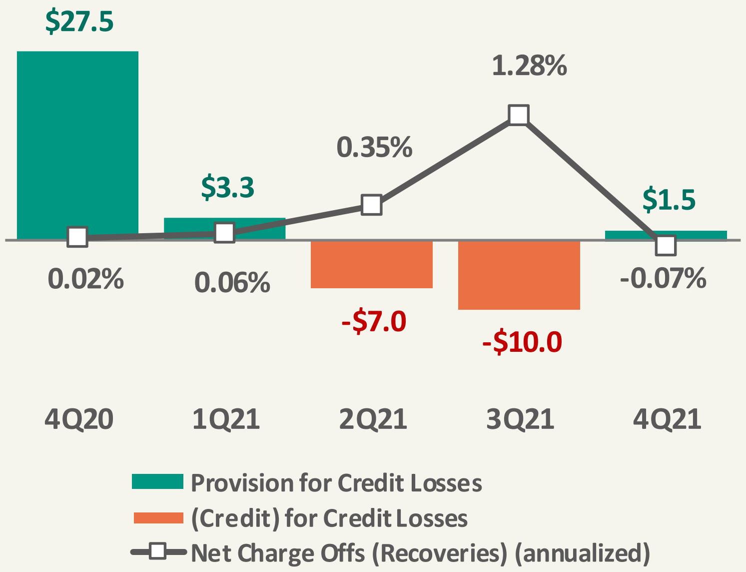
Nonperforming Assets
($ Millions)



Total Criticized Loans
($ Millions)



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

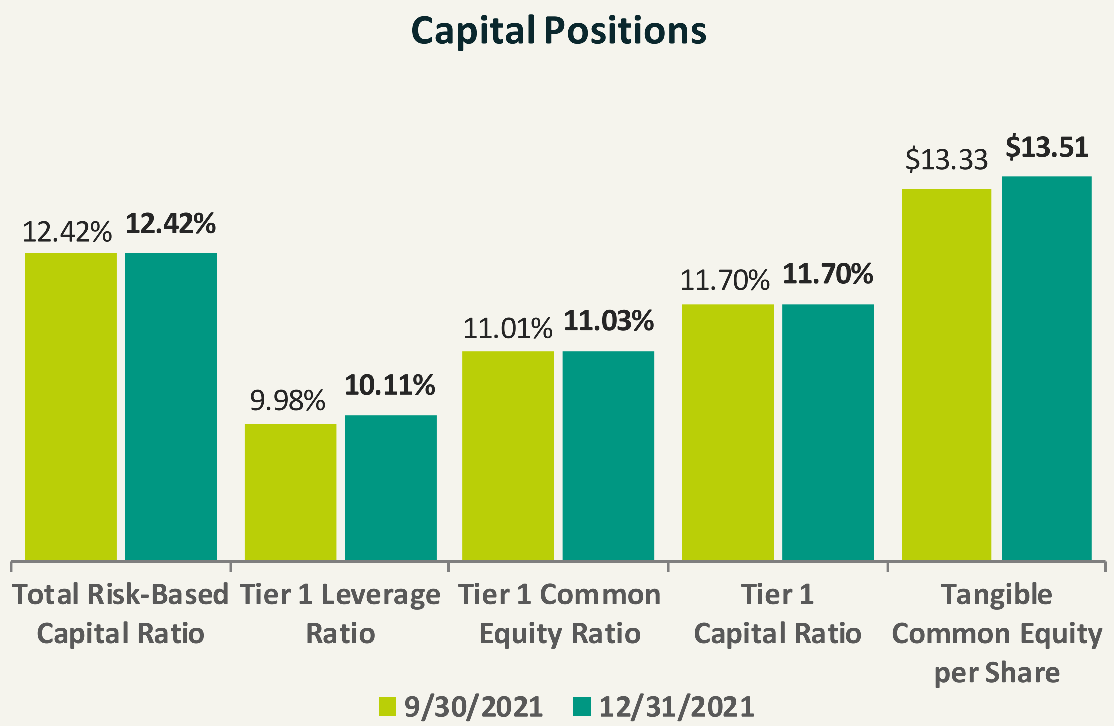


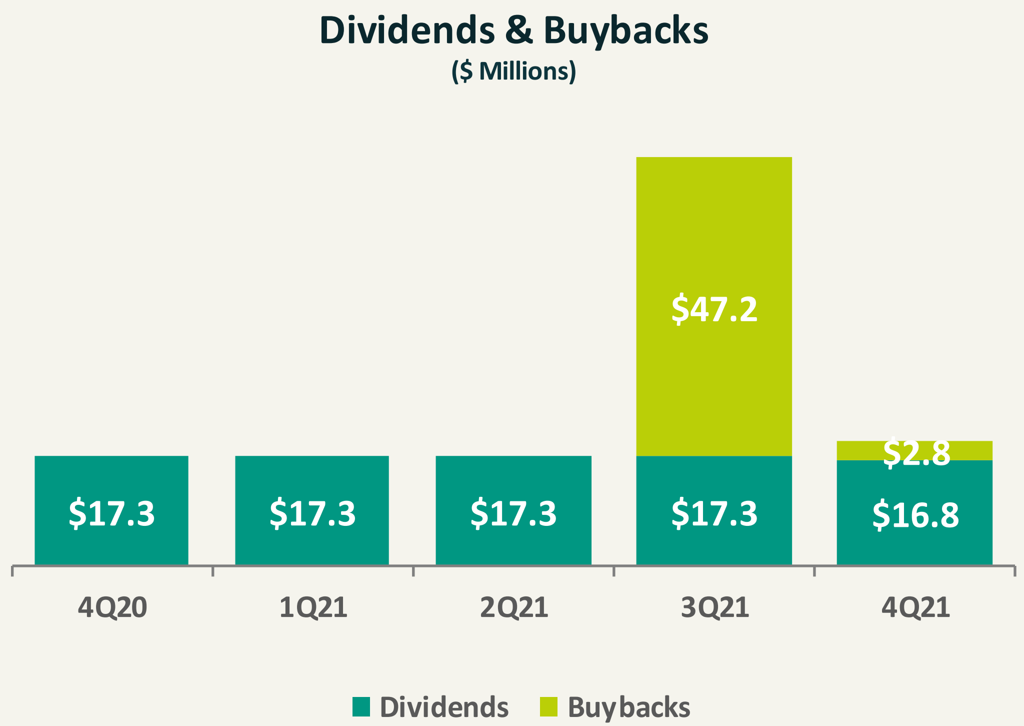
- Total nonperforming assets decreased to $111.8 million vs. $113.7 million as of 9/30/21, primarily reflecting the disposition of one large OREO property
- Nonperforming assets decreased to 0.62% of total assets vs. 0.64% at 9/30/21

- Special mention loans decreased by $49.6 million Q-o-Q reflecting continued progress with borrowers post COVID modifications
- Total criticized loans declined to 3.58% of loans receivable vs. 4.10% at 9/30/21

- Provision for credit losses of $1.5 million reflects improved credit quality and net recoveries during the quarter
- Net recoveries of $2.3 million, or -0.07% of average loans receivable, annualized

Strong Capital Position & Returns





Maintaining strong levels of capital

- All capital ratios stable or improved Q-o-Q
- Tangible common equity per share increased 18 cents to $13.51

Enhancing shareholder returns

- Quarterly common stock dividend maintained at $0.14 per share
- Completed $50 million stock repurchase program announced in 3Q21
  - Repurchased 3,682,268 shares at average price of $13.58 reducing shares outstanding by 3.0%
- Dividend yield: 3.81% | Dividend payout ratio: 33.71% (TTM)

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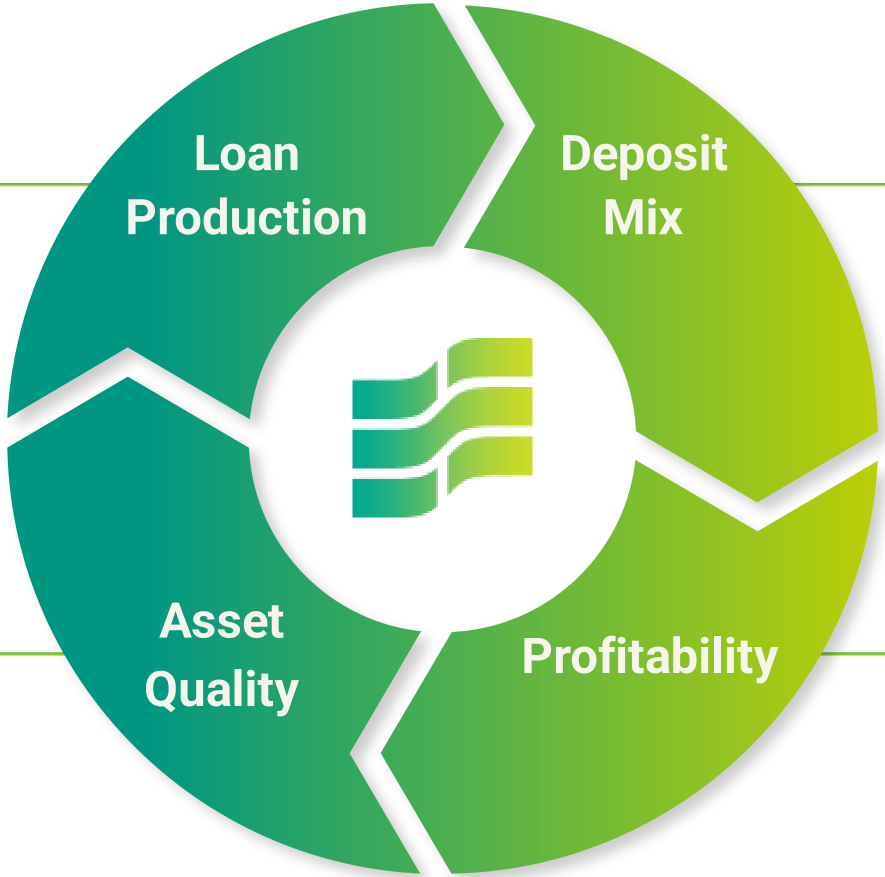
Managed through an Uncertain 2021 and Delivered Significant Achievements



New loan production accelerated throughout 2021 and positions Company to return to historically strong growth rates

Continued to enhance the mix of deposits which contributed to decreasing deposit costs throughout 2021

Completed significant de-risking and rebalancing of loan portfolio and expect steady improvement in asset quality for 2022

Strong core performance with pre-provision net revenue[1] increasing 11% over 2020

[1] Pre-provision net revenue is a non-GAAP financial measure. A quantitative reconciliation of the GAAP to non-GAAP financial measure is provided on Slide 16.

Near-Term Outlook

- **Loan Growth:** Re-energized focus on business development expected to lead to high single-digit to low double-digit loan growth for 2022, excluding PPP
- **Noninterest Expenses:** Noninterest expense to average assets expected to be in the range of 1.65% to 1.70%
- **Net Interest Margin:** Stable NIM expected for 1Q22 due to stability in loan yields and deposit costs
- **Asset Quality:** Anticipate improving asset quality metrics with criticized balances trending down approximately 20-30% by year-end
- **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)		4Q21		3Q21		4Q20
Net interest income before provision (credit) for credit losses	$	133,318	$	130,296	$	120,756
Noninterest income		13,097		10,617		11,415
Revenue		146,415		140,913		132,171
Less: noninterest expense		74,236		75,502		71,063
Pre-provision net revenue	**$**	**72,179**	**$**	**65,411**	**$**	**61,108**

Return on Average Tangible Common Equity (ROTCE)

($ in thousands)		4Q21		3Q21		4Q20
Average stockholders' equity	$	2,079,694	$	2,092,018	$	2,045,959
Less: goodwill and core deposit intangible assets, net		(472,405)		(472,918)		(474,467)
Average tangible common equity	$	1,607,289	$	1,619,100	$	1,571,492
Net Income	$	51,623	$	55,499	$	28,319
Return on average tangible common equity (annualized)		**12.85%**		**13.71%**		**7.21%**

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