

HOPE BANCORP INC  
Form 10-Q  
May 03, 2019  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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FORM 10-Q

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Quarterly report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934  
For the quarterly period ended March 31, 2019  
Commission File Number: 000-50245

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HOPE BANCORP, INC.  
(Exact name of registrant as specified in its charter)

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Delaware 95-4849715  
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

3200 Wilshire Boulevard, Suite 1400, 90010  
Los Angeles, California  
(Address of principal executive offices) (Zip Code)  
(213) 639-1700  
(Registrant’s telephone number, including area code)

N/A  
(Former name, former address and former fiscal year, if change since last report)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one):

- Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company   
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of May 1, 2019, there were 126,663,405 outstanding shares of Hope Bancorp, Inc. common stock, \$0.001 par value per share.



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Forward-Looking Statements

Certain statements in this Quarterly Report on Form 10-Q may 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,” “projects,” “forecasts,” “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 known and unknown risks, trends, uncertainties, and factors that are beyond the Company’s control or ability to predict. 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: 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 Part I, Item 1A. Risk Factors contained in the Company’s Annual Report on Form 10-K for the year ended December 31, 2018.

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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FINANCIAL INFORMATION

## Item 1. Financial Statements

HOPE BANCORP, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	(Unaudited)	
	March 31, 2019	December 31, 2018
	(Dollars in thousands, except share data)	
<b>ASSETS</b>		
Cash and cash equivalents:		
Cash and due from banks	\$211,223	\$ 219,366
Interest bearing cash in other banks	401,661	240,240
Total cash and cash equivalents	612,884	459,606
Interest bearing deposits in other financial institutions	30,141	29,409
Securities available for sale, at fair value	1,818,343	1,846,265
Equity investments	50,873	49,835
Loans held for sale, at the lower of cost or fair value	921	25,128
Loans receivable, net of allowance for loan losses of \$94,217 and \$92,557 at March 31, 2019 and December 31, 2018, respectively	11,959,787	12,005,558
Other real estate owned ("OREO"), net	6,258	7,754
Federal Home Loan Bank ("FHLB") stock, at cost	21,580	25,461
Premises and equipment, net	53,218	53,794
Accrued interest receivable	34,831	32,225
Deferred tax assets, net	39,352	50,913
Customers' liabilities on acceptances	1,896	2,281
Bank owned life insurance ("BOLI")	75,586	75,219
Investments in affordable housing partnerships	89,078	92,040
Operating lease right-of-use assets, net	62,360	—
Goodwill	464,450	464,450
Core deposit intangible assets, net	13,504	14,061
Servicing assets, net	21,407	23,132
Other assets	42,200	48,821
Total assets	\$15,398,669	\$ 15,305,952

(Continued)

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CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	(Unaudited)	
	March 31, 2019	December 31, 2018
	(Dollars in thousands, except share data)	
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES:</b>		
Deposits:		
Noninterest bearing	\$2,948,751	\$3,022,633
Interest bearing:		
Money market and NOW accounts	3,086,920	3,036,653
Savings deposits	223,562	225,746
Time deposits	5,989,963	5,870,624
Total deposits	12,249,196	12,155,656
FHLB advances	720,000	821,280
Convertible notes, net	195,754	194,543
Subordinated debentures	102,201	101,929
Accrued interest payable	37,511	31,374
Acceptances outstanding	1,896	2,281
Operating lease liabilities	62,833	—
Commitments to fund investments in affordable housing partnerships	40,709	46,507
Other liabilities	42,358	49,171
Total liabilities	\$13,452,458	\$13,402,741
<b>STOCKHOLDERS' EQUITY:</b>		
Common stock, \$0.001 par value; authorized 150,000,000 shares at March 31, 2019 and December 31, 2018; issued and outstanding 135,638,037 and 126,635,584 shares, respectively, at March 31, 2019, and issued and outstanding 135,642,365 and 126,639,912 shares, respectively, at December 31, 2018	\$136	\$136
Additional paid-in capital	1,424,029	1,423,405
Retained earnings	687,404	662,375
Treasury stock, at cost; 9,002,453 shares at March 31, 2019 and December 31, 2018	(150,000 )	(150,000 )
Accumulated other comprehensive loss, net	(15,358 )	(32,705 )