



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON, DC 20551

LEGAL DIVISION

February 28, 2025

Marina Olman-Pal, Esq.  
Greenberg Traurig, P.A.  
333 Southeast Second Avenue, Suite 4400  
Miami, Florida 33131

Dear Ms. Olman-Pal:

This is in response to your letter, dated July 9, 2024, requesting a waiver from the filing requirement under section 4 of the Bank Holding Company Act of 1956, as amended (“BHC Act”),<sup>1</sup> for Hope Bancorp, Inc., (“Hope”), Los Angeles, California, a bank holding company, to acquire Territorial Bancorp Inc., (“Territorial”), a savings and loan holding company, and thereby indirectly acquire Territorial’s wholly-owned state member savings association subsidiary, Territorial Savings Bank (“Territorial Bank”), both of Honolulu, Hawaii.

The purpose of the proposed transaction is to facilitate the merger of Territorial Bank into Hope’s wholly-owned subsidiary state nonmember bank, Bank of Hope (“Hope Bank”), Los Angeles, California. The proposed transaction would proceed as follows: (1) Territorial would merge with and into Hope, with Hope as the surviving entity, and (2) Territorial Bank would merge with and into Hope Bank, with Hope Bank as the surviving entity (“Bank Merger”). You have represented that these steps would occur in immediate succession, Territorial Bank would exist as a wholly-owned subsidiary of Hope for only a moment in time, and Hope would never operate Territorial Bank as a separate subsidiary.<sup>2</sup>

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<sup>1</sup> 12 U.S.C. § 1843.

<sup>2</sup> Apart from the acquisition of the savings association, you have represented that the proposed transaction would not result in Hope engaging in any other activities that would require prior notice or approval under section 4 of the BHC Act as a result of this proposal.

Section 4 of the BHC Act and the corresponding provisions of the Board's Regulation Y generally require a notice to the Board before any bank holding company may acquire more than 5 percent of the voting shares of any nonbanking company, including a savings association.<sup>3</sup> Through the transaction described above, Hope would acquire control of Territorial Bank through its acquisition of Territorial. Accordingly, Hope would be required to obtain the Board's approval under section 4 of the BHC Act and Regulation Y to acquire control of Territorial Bank.

In order to avoid duplication of regulatory review by federal banking regulators, however, section 225.12(d)(2) of the Board's Regulation Y provides that a bank holding company seeking to acquire shares or control of a bank need not obtain the Board's prior approval if the transaction is subject to review by a federal banking agency under section 18(c) of the Federal Deposit Insurance Act ("Bank Merger Act")<sup>4</sup> and meets certain other criteria.<sup>5</sup> While section 225.12(d)(2) of Regulation Y does not apply specifically to transactions that involve a bank holding company acquiring control of a nonbanking company, your proposal is consistent with the purposes of that section.

The proposed Bank Merger requires the prior approval of the Federal Deposit Insurance Corporation ("FDIC") under the Bank Merger Act.<sup>6</sup> In acting on the merger proposal, the FDIC must consider the impact the acquisition would have on competition, the financial and managerial resources and future prospects of the combined organization, the convenience and needs of the communities served by Territorial Bank and Hope Bank, the institutions' records of performance under the Community Reinvestment Act, the institutions' effectiveness in combating money laundering activities, and risks to the stability of the United States banking or financial system.<sup>7</sup> These criteria are substantially similar to the criteria the Board would consider under section 4 of the BHC Act.<sup>8</sup>

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<sup>3</sup> 12 U.S.C. § 1843(c)(8), (i), & (j); 12 CFR 225.21(a) & 225.24(a)(2).

<sup>4</sup> 12 U.S.C. § 1828(c).

<sup>5</sup> 12 CFR 225.12(d)(2).

<sup>6</sup> 12 U.S.C. § 1828(c). The Bank Merger Act application was approved by the FDIC on February 27, 2025.

<sup>7</sup> 12 U.S.C. §§ 1828(c)(5) & (11), 2902(3)(E), 2903(a)(2).

<sup>8</sup> 12 U.S.C. § 1843(c)(8), (i), & (j); 12 CFR 225.26. Hope's home state is California, and Territorial Bank's home state is Hawaii. See 12 U.S.C. § 1841(o)(4)(C) & (E). Because the proposal involves an interstate transaction, the Board has considered the criteria set forth in the interstate provisions of section 4(i)(8) of the BHC Act; the acquisition is consistent with those provisions. See 12 U.S.C. § 1843(i)(8).

At no time would Territorial Bank operate as a separate subsidiary insured depository institution of Hope. Following the Bank Merger, the separate corporate existence of Territorial Bank would cease, and Hope Bank would continue to operate as a state nonmember bank. Under these circumstances, review of the transaction under section 4 of the BHC Act would be duplicative of review under the Bank Merger Act.

Based on a review of these and other facts presented, the Legal Division believes that no regulatory purpose would be served by requiring Hope to file a notice under section 4 of the BHC Act. The Legal Division, therefore, would not recommend that the Board take action to require the filing of a notice by Hope in connection with the transaction described above. This opinion is subject to the receipt by Hope, Territorial, Territorial Bank, and Hope Bank of all other necessary regulatory approvals and compliance with any terms and conditions that may be imposed in connection with those approvals.

This opinion is based on all the facts, representations, and commitments presented to Federal Reserve staff. Any material change in those facts or representations should be communicated immediately to Federal Reserve staff and may cause this opinion to be reconsidered. This opinion is limited to this proposal and does not apply to any other transaction.

If you have any questions regarding this matter, please contact Evan Hechtman (evan.a.hechtman@frb.gov) or Ryan Rossner (ryan.m.rossner@frb.gov), of the Legal Division staff.

Sincerely,

*(Signed) Mark E. Van Der Weide*

Mark E. Van Der Weide  
General Counsel

cc: Federal Deposit Insurance Corporation