

# Financial Earnings Results



**Third Quarter 2022**

October 24, 2022



# Forward Looking Statements

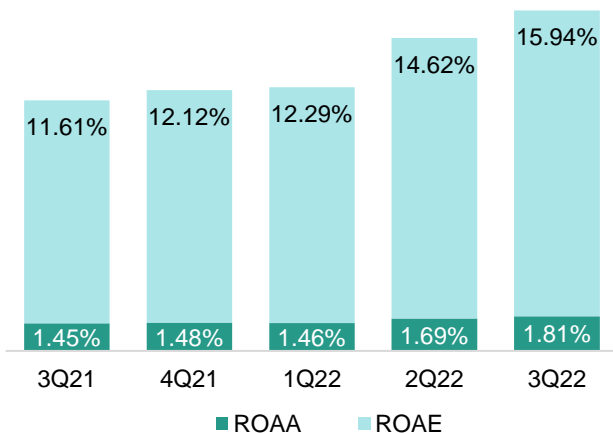
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This presentation contains forward-looking statements about Cathay General Bancorp and its subsidiaries (collectively referred to herein as the “Company,” “we,” “us,” or “our”) within the meaning of the applicable provisions of the Private Securities Litigation Reform Act of 1995. We intend such forward-looking statements to be covered by the safe harbor provision for forward-looking statements in these provisions. Statements that are not historical or current facts, including statements about beliefs, expectations and future economic performance, are “forward-looking statements” and are based on the information available to, and estimates, beliefs, projections, and assumptions made by, management as of the date on which such statements are first made. Forward-looking statements are not guarantees of future performance and are subject to inherent risks and uncertainties that could cause actual results to differ materially from those anticipated in the statements. These risks and uncertainties include, but are not limited to: local, regional, national and international business, market and economic conditions and events and the impact they may have on us, our customers and our operations, assets and liabilities; the impact on our business, operations, financial condition, liquidity, results of operations, prospects and trading prices of our shares arising out of the COVID-19 pandemic; possible additional provisions for loan losses and charge-offs; credit risks of lending activities and deterioration in asset or credit quality; extensive laws and regulations and supervision that we are subject to, including potential supervisory action by bank supervisory authorities; increased costs of compliance and other risks associated with changes in regulation; compliance with the Bank Secrecy Act and other money laundering statutes and regulations; potential goodwill impairment; liquidity risk; fluctuations in interest rates; risks associated with acquisitions and the expansion of our business into new markets; inflation and deflation; real estate market conditions and the value of real estate collateral; environmental liabilities; our ability to generate anticipated returns from our investments and/or financings in certain tax advantaged-projects; our ability to compete with larger competitors; our ability to retain key personnel; successful management of reputational risk; natural disasters, public health crises (including the occurrence of a contagious disease or illness, such as the COVID-19 pandemic) and geopolitical events; failures, interruptions, or security breaches of our information systems; our ability to adapt our systems to the expanding use of technology in banking; adverse results in legal proceedings; changes in accounting standards or tax laws and regulations; market disruption and volatility; restrictions on dividends and other distributions by laws and regulations and by our regulators and our capital structure; capital level requirements and successfully raising additional capital, if needed, and the resulting dilution of interests of holders of our common stock; and the soundness of other financial institutions.

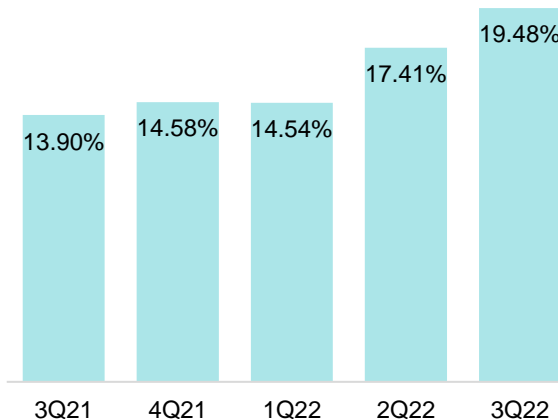
For a discussion of these and other risks that may cause actual results to differ from expectations, please see our Annual Report on Form 10-K (at Item 1A in particular) for the year ended December 31, 2021 and all subsequent reports and filings we make with the Securities and Exchange Commission under the applicable provisions of the Securities Exchange Act of 1934. Given these risks and uncertainties, readers are cautioned not to place undue reliance on any forward-looking statements. Any forward-looking statement speaks only as of the date on which it is first made and, except as required by law, we undertake no obligation to update or review any forward-looking statements to reflect circumstances, developments or events occurring after the date on which the statement is first made or to reflect the occurrence of unanticipated events.

# Financial Highlights 3Q 2022

## Profitability: Return on Assets & Equity



## Return on Tangible Equity\*



\* Refer to GAAP to non-GAAP reconciliation in Appendix.

Quarterly results ending September 30, 2022

### Net Income

- \$99.0 million

### Diluted EPS

- \$1.35

### Total Revenue

- \$207.4 million

### Total Loans

- \$18.1 billion

### Total Deposits

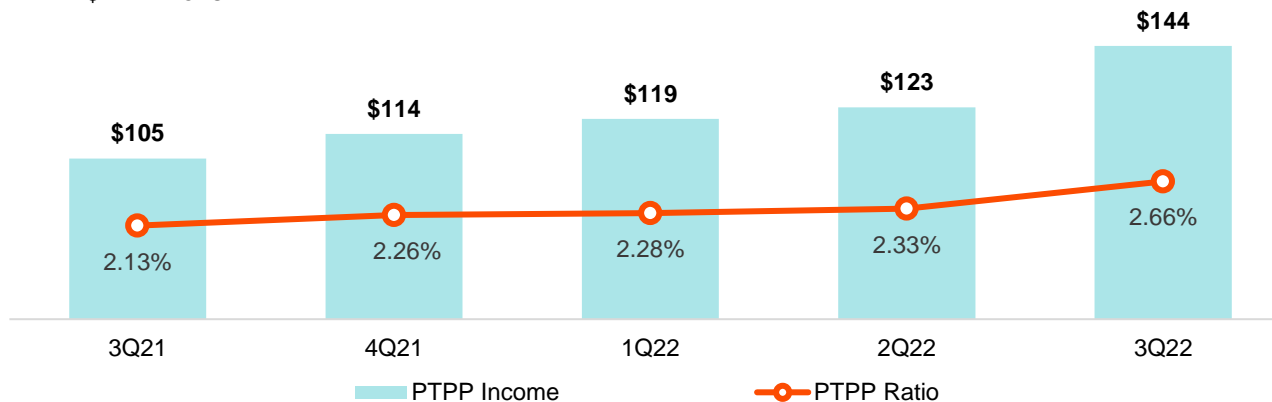
- \$18.6 billion

### Efficiency Ratio

- 36.35%

## Pre-Tax Pre-Provision Income Ratio

\$ in millions

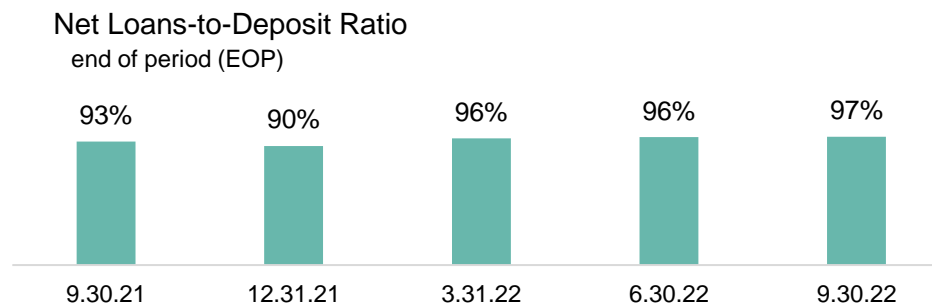


Pre-Tax Pre-Provision, Pre-Tax Credit Amortization, and Pre-Acquisition Expense ("PTPP") Income Ratio calculation based on annualized PTPP Income divided by total average assets.

# Summary Balance Sheets

\$ in millions, except per share data	9.30.22	6.30.22	QoQ Change
Cash equivalents & ST investments	\$ 1,263	\$ 1,154	\$ 109
AFS debt securities	1,414	1,235	180
Gross loans, net of discounts	\$ 18,100	\$ 17,782	\$ 318
Allowance for credit losses	(149)	(149)	(0)
<b>Net Loans</b>	<b>\$ 17,951</b>	<b>\$ 17,634</b>	<b>\$ 317</b>
Other assets	1,261	1,213	48
<b>Total Assets</b>	<b>\$ 21,890</b>	<b>\$ 21,236</b>	<b>\$ 655</b>
Customer deposits	\$ 18,576	\$ 18,287	288
FHLB borrowings	360	95	265
Debt	141	141	0
Other Liabilities	393	280	113
<b>Total Liabilities</b>	<b>\$ 19,470</b>	<b>\$ 18,804</b>	<b>\$ 666</b>
<b>Total Stockholders' Equity</b>	<b>\$ 2,420</b>	<b>\$ 2,432</b>	<b>\$ (12)</b>

Note: Information as of 9.30.22 and 6.30.22 is unaudited.

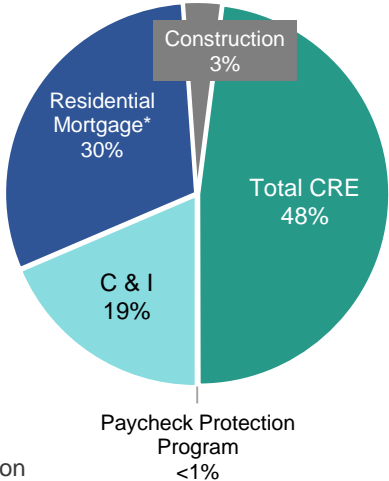


# Loan Composition

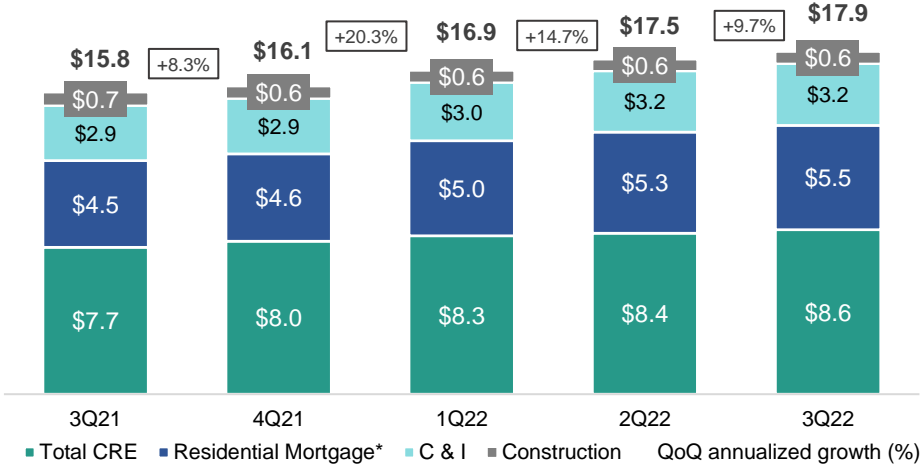
## Total Loan Portfolio

• **\$18.1 billion\***  
as of 9.30.22

Total CRE \$8.7 billion  
Residential Mortgage\*\* \$5.5 billion  
C&I Loans \$3.3 billion  
Construction Loans \$0.6 billion  
Paycheck Protection Program \$6 million

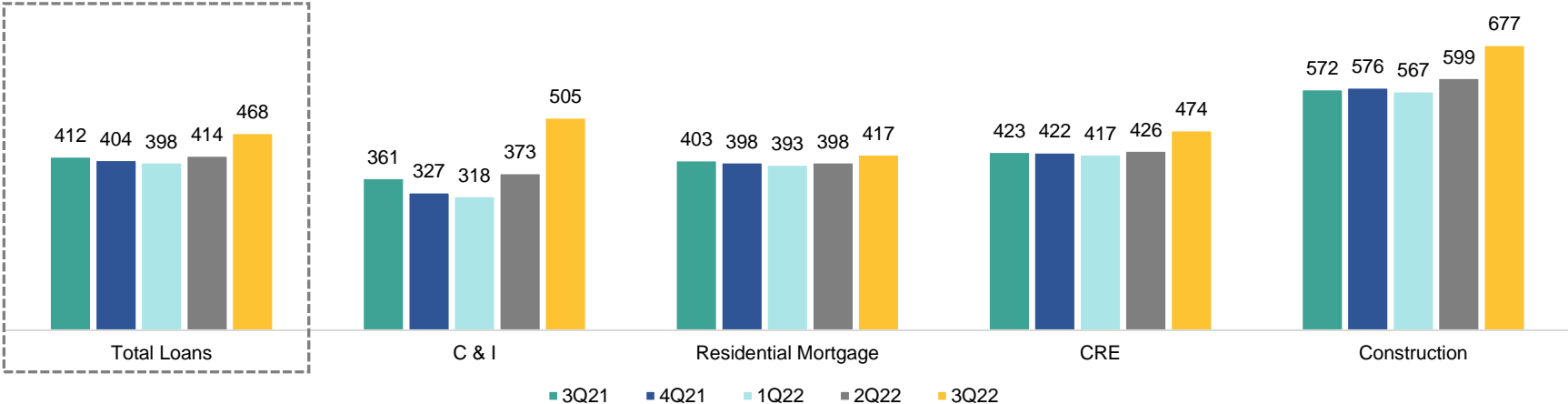


## Average Loan Growth – QoQ Annualized \$ in billions

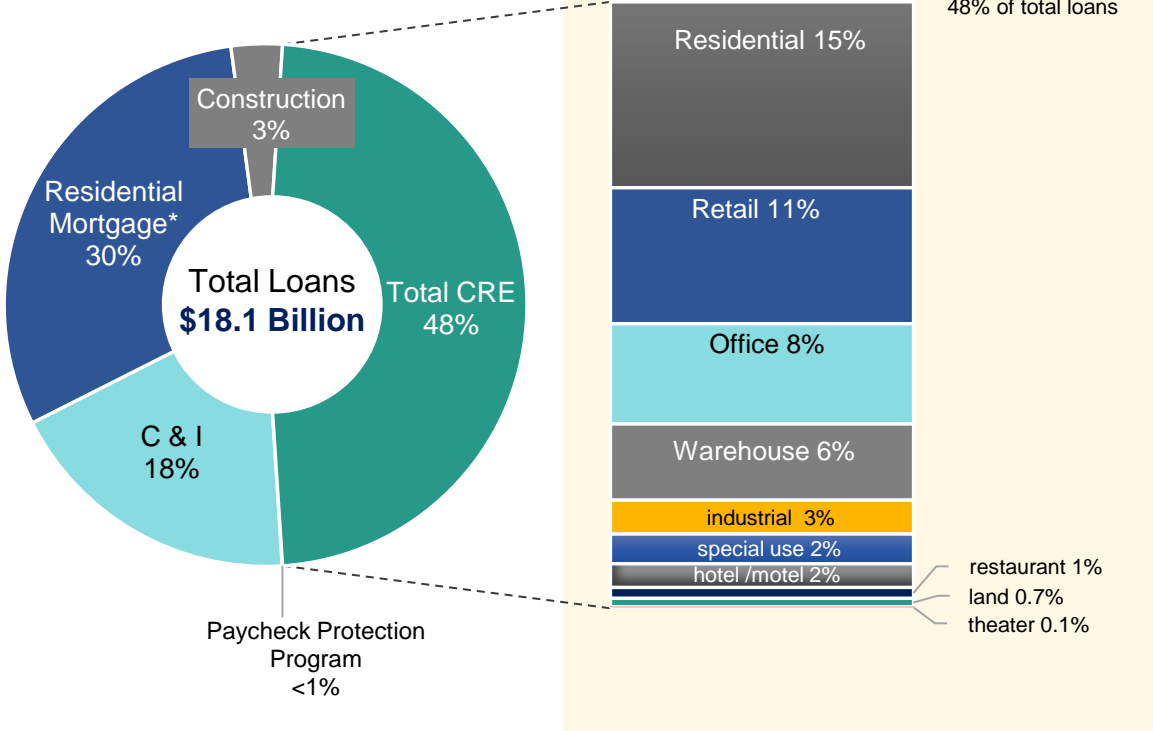


\* Includes Day 1 loan balance of \$646 million acquired through the HSBC Bank USA, N.A. West Coast mass retail banking operations on February 7, 2022.  
\*\* Residential Mortgage includes equity lines, installment and other loans.

## Average Loan Yield by Type in bps

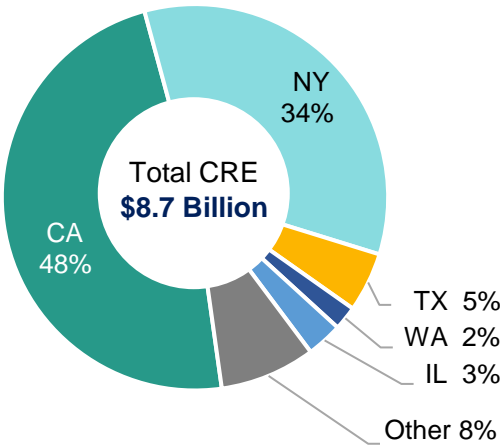


# Commercial Real Estate Portfolio

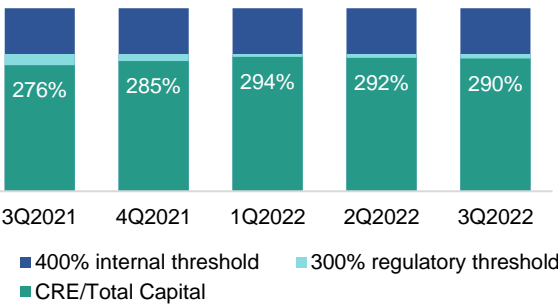


\* Residential Mortgage includes equity lines, installment and other loans.

Total CRE Geographic Distribution



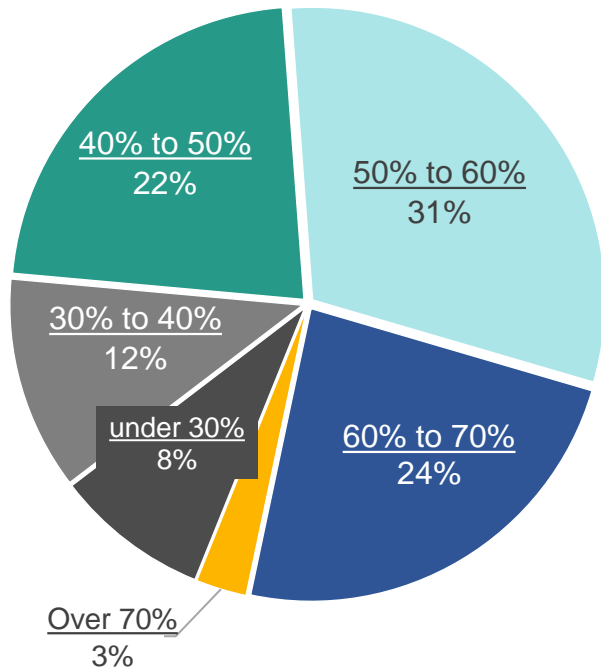
Total CRE Concentration



# Commercial Real Estate Portfolio

## LTV Distribution of Total CRE \$8.7 Billion

- **\$1.66 mil** avg. outstanding size
- weighted avg. LTV **51%**



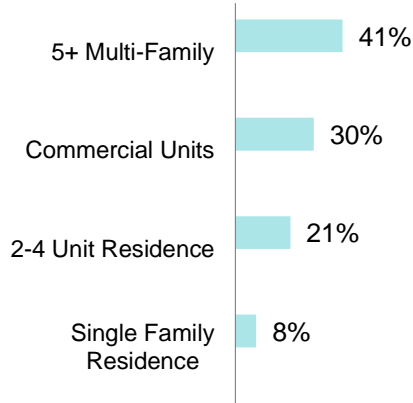
## LTV & Size by Property Type

\$ in millions	Total CRE Loan Portfolio	Total CRE Weighted Avg. LTV
Residential	\$ 2,659	55%
Retail	\$ 1,947	51%
Office	\$ 1,433	49%
Warehouse	\$ 1,091	50%
Industrial	\$ 485	50%
Special Use	\$ 428	46%
Hotel / Motel	\$ 340	47%
Restaurant	\$ 153	48%
Land	\$ 121	50%
Theater	\$ 21	64%
<b>Total CRE</b>	<b>\$ 8,678</b>	<b>51%</b>

# Selected CRE and Construction Loan Portfolios

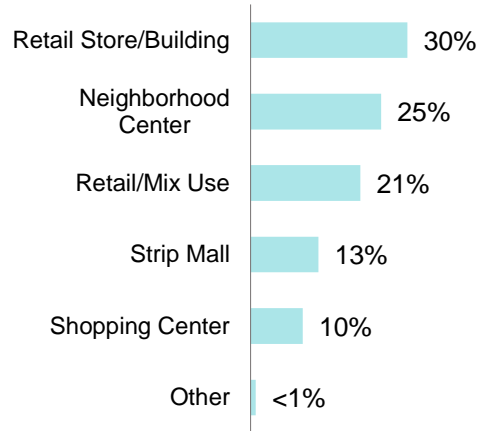
## Residential CRE Portfolio

% based on \$2.66 billion loans outstanding



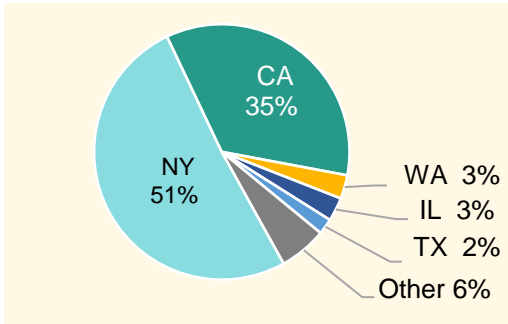
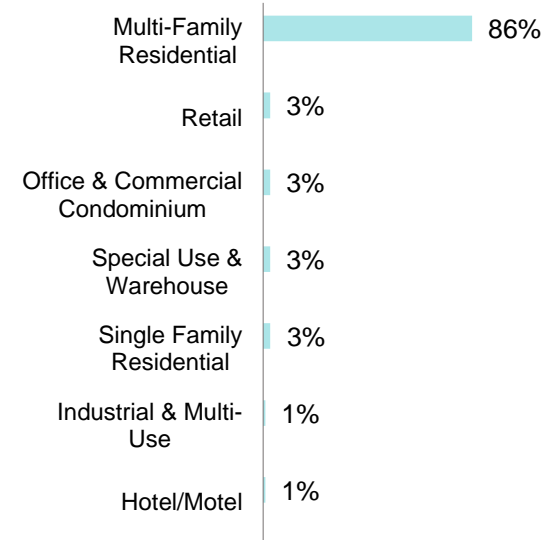
## Retail CRE Portfolio

% based on \$1.95 billion loans outstanding

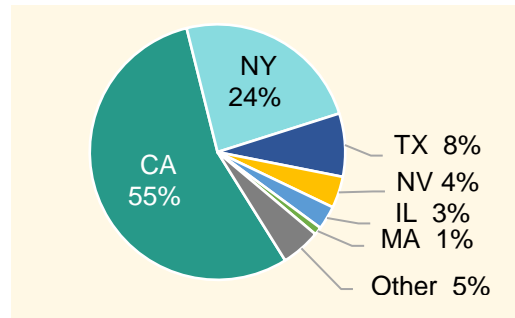


## Construction Portfolio

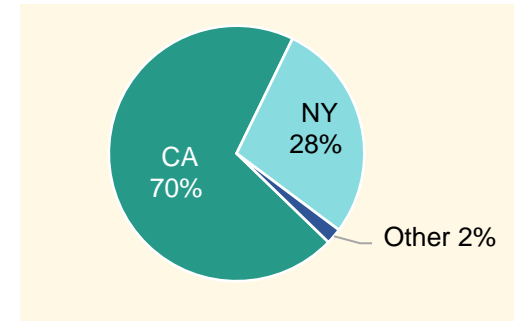
% based on \$573 million loans outstanding



• weighted avg. LTV 55%



• weighted avg. LTV 51%

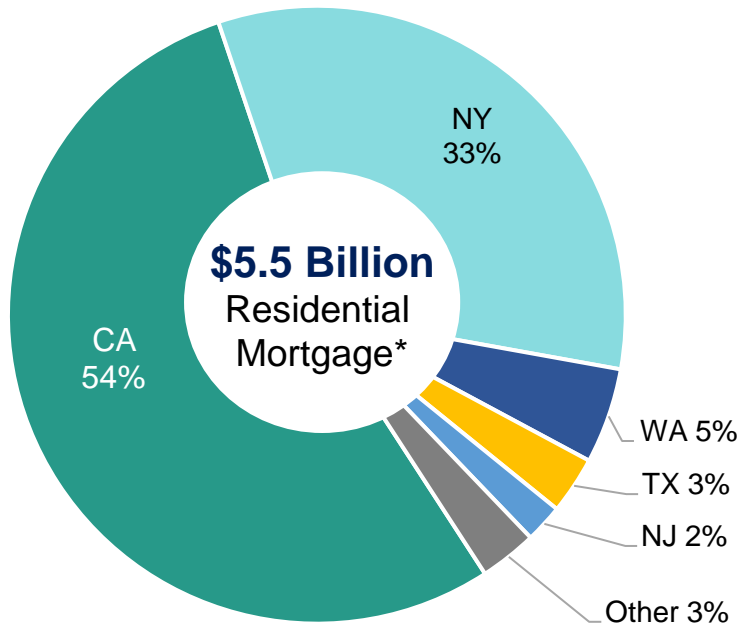


• weighted avg. LTV 57%



# Residential Mortgage Portfolio

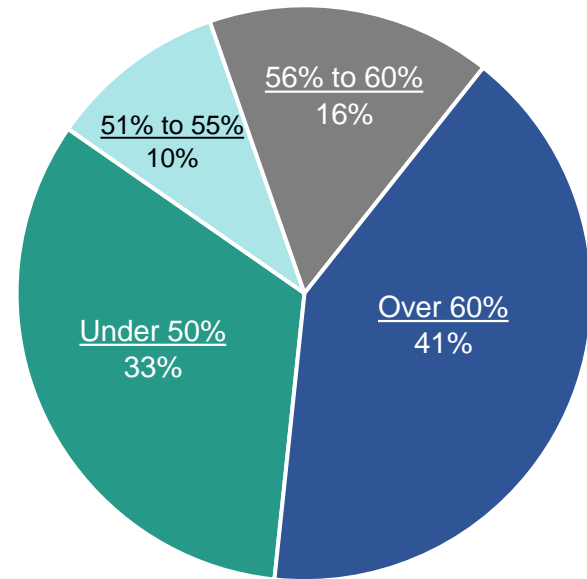
## Geographic Distribution of Residential Mortgage



\* Residential Mortgage includes equity lines, installment and other loans.

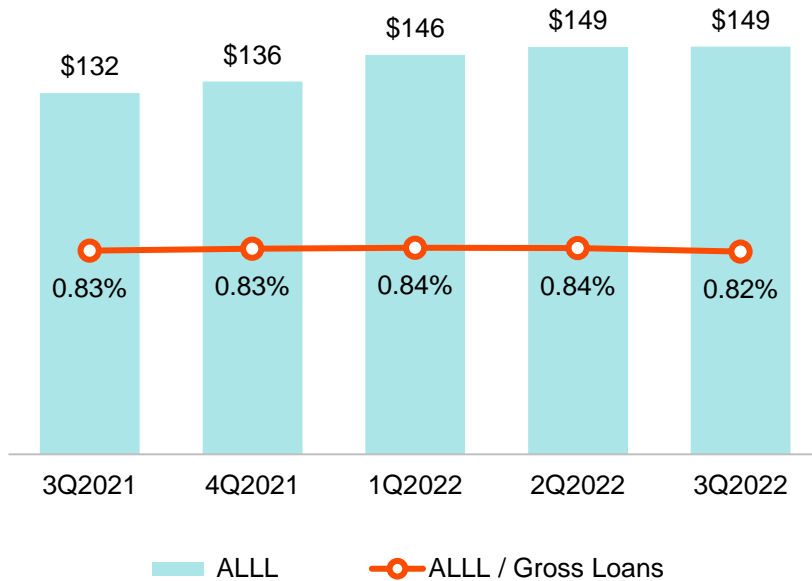
## SFR LTV Distribution

- **\$409,887** avg. outstanding size
- weighted avg. LTV **55%**

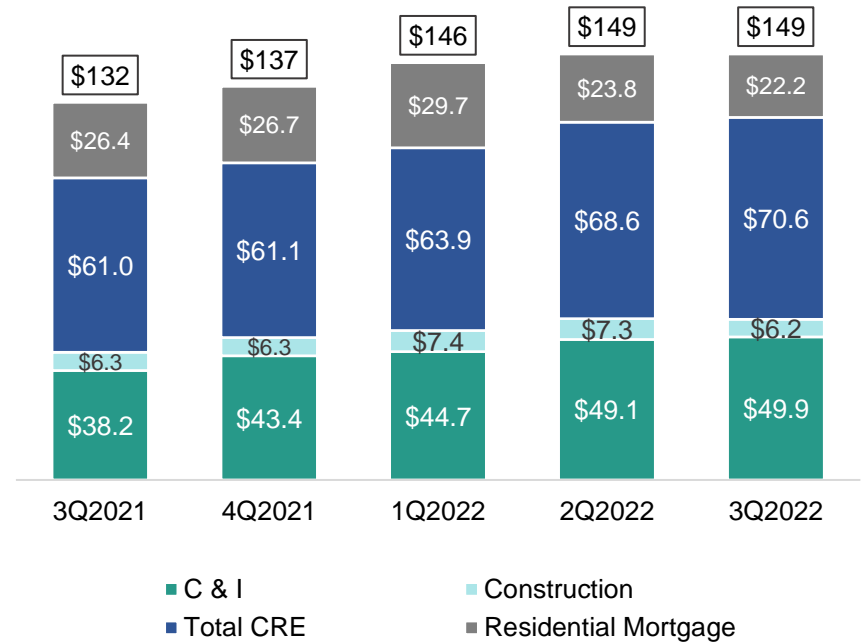


# Allowance for Loan and Lease Losses (ALLL)

ALLL Ratio  
\$ in millions



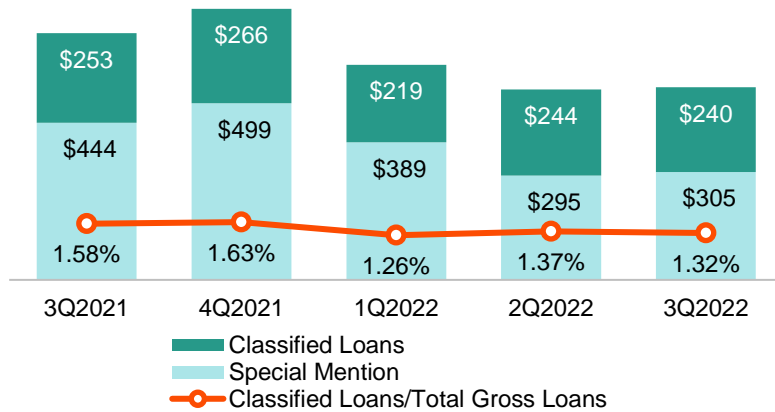
ALLL Composition  
\$ in millions



# Asset Quality Metrics

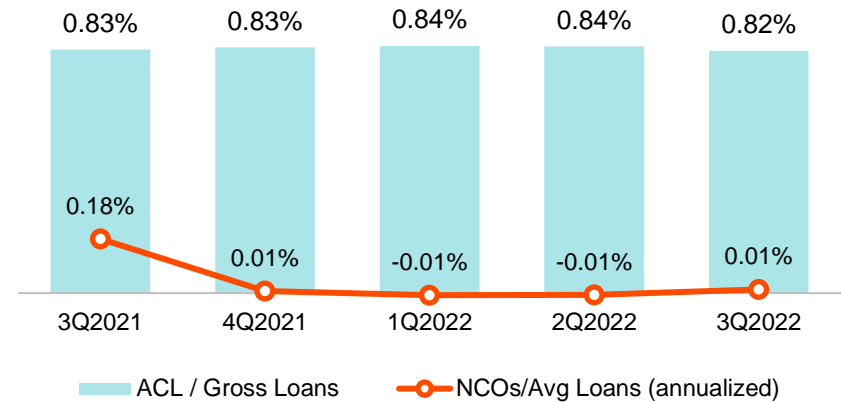
## Classified Loans Ratio

\$ in millions



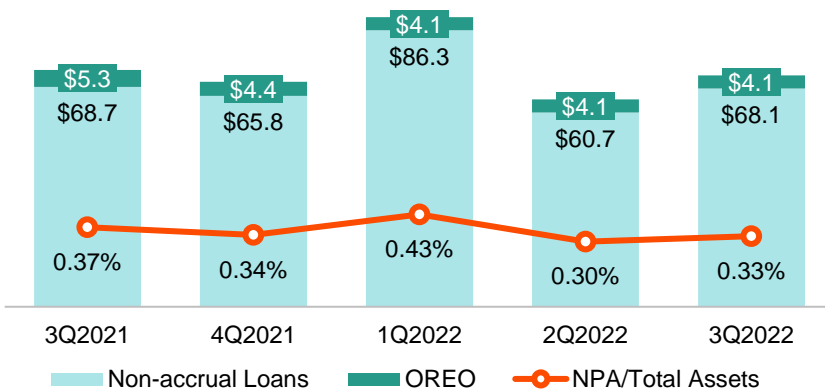
Classified Loans are loans classified as substandard and doubtful.

## Reserves and Net Charge-Offs



## Non-Performing Assets Ratio

\$ in millions



Non-Performing Assets (NPA) = Non-accrual Loans + OREO

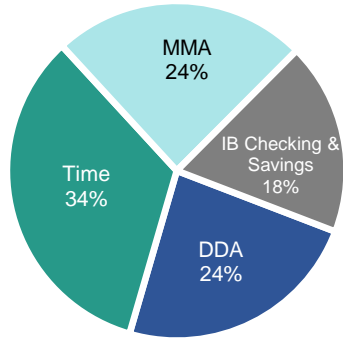
- **Allowance coverage of loans HFI:** 0.82% as of 9/30/22 vs. 0.84% as of 6/30/22.
- **Nonaccrual loans/loans HFI:** 0.38% as of 9/30/22 vs. 0.34% as of 6/30/22 vs. 0.43% as of 9/30/21.

# Deposit Mix

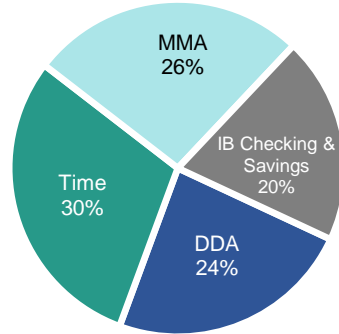
## Total Deposits

• **\$18.6 billion\***

as of 9.30.22



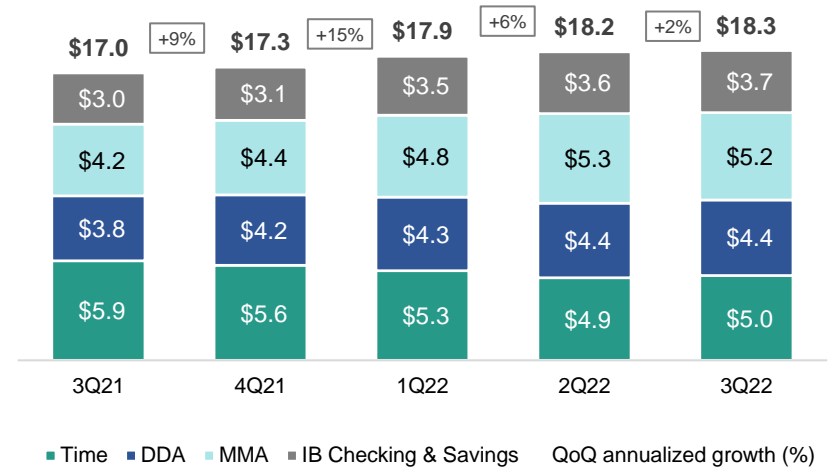
Total Deposits as of 9.30.21  
\$17.0 billion



Total Deposits as of 9.30.22  
\$18.6 billion

## Average Deposit Growth – QoQ Annualized

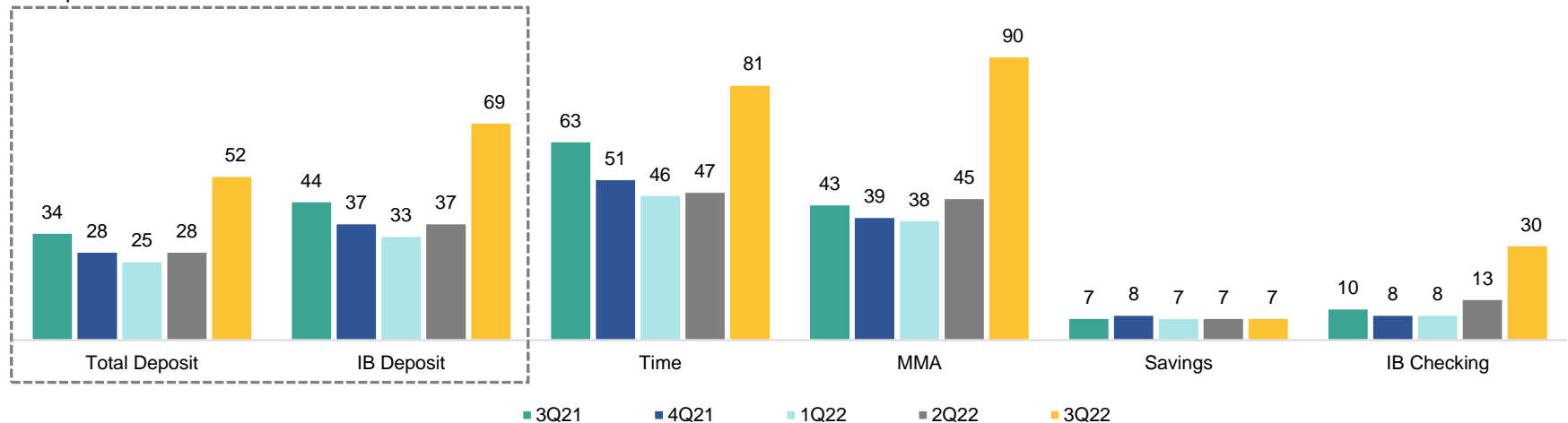
\$ in billions



\* Includes Day 1 deposit balance of \$575 million acquired through the HSBC Bank USA, N.A. West Coast mass retail banking operations on February 7, 2022.

## Average Cost of Deposits by Type

in bps



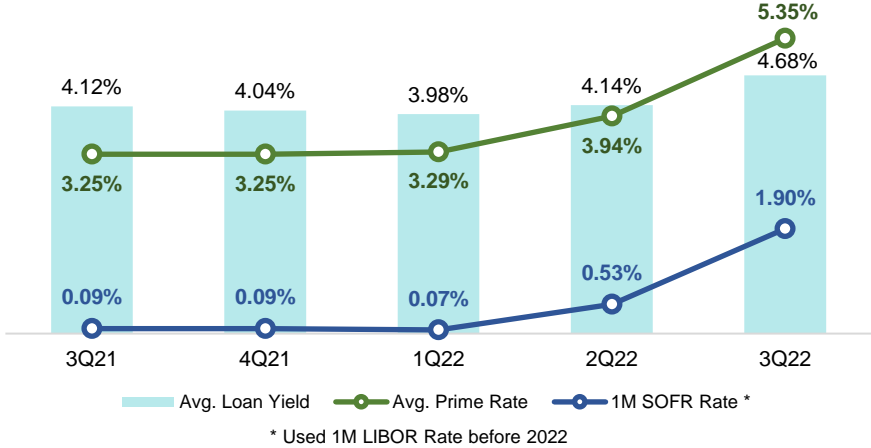
# Summary Income Statements

\$ in millions, except per share data	9.30.22	6.30.22	\$ Change	% Change
<b>Net Interest Income</b>	\$ 197.5	\$ 175.2	\$ 22.4	12.8%
Noninterest income	13.5	15.6	(2.0)	(13.1)%
Net (losses) / Gains from equity securities	(3.7)	(1.0)	(2.7)	283.5%
<b>Total Noninterest Income</b>	<b>9.9</b>	<b>14.6</b>	<b>(4.7)</b>	<b>(32.4)%</b>
Noninterest expense	63.2	66.9	(3.7)	(5.5)%
amortization of tax credit and other investment plus core deposit tangibles	12.2	7.2	5.0	68.6%
<b>Total Noninterest Expense</b>	<b>\$ 75.4</b>	<b>\$ 74.1</b>	<b>\$ 1.3</b>	<b>1.7%</b>
Provision for credit losses	2.0	2.5	(0.5)	(20.0)%
Income tax expense	31.0	24.2	6.8	28.1%
<b>Net Income</b>	<b>\$ 99.0</b>	<b>\$ 89.0</b>	<b>\$ 10.1</b>	<b>11.3%</b>
<b>Diluted EPS</b>	<b>\$ 1.35</b>	<b>\$ 1.18</b>	<b>\$ 0.17</b>	<b>14.1%</b>
Weighted avg. diluted shares (in millions)	73.4	75.3	(1.8)	(2.4)%

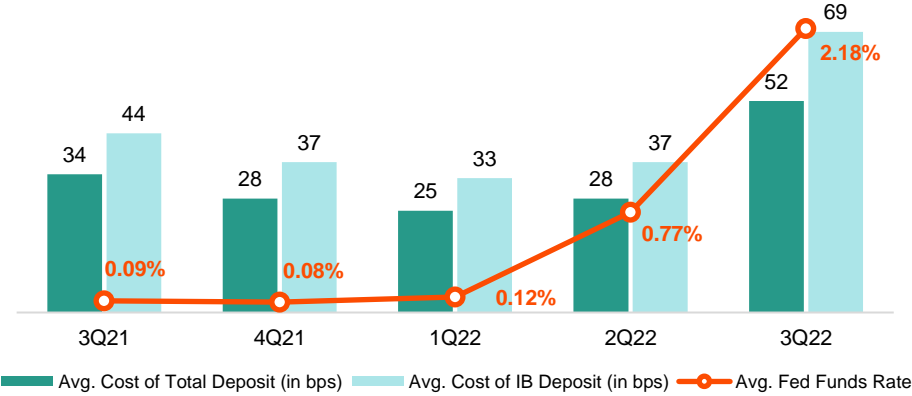
Note: Information for quarter ending 9.30.22 and 6.30.22 is unaudited.

# Loan Yields, Deposit Costs and Net Interest Margins

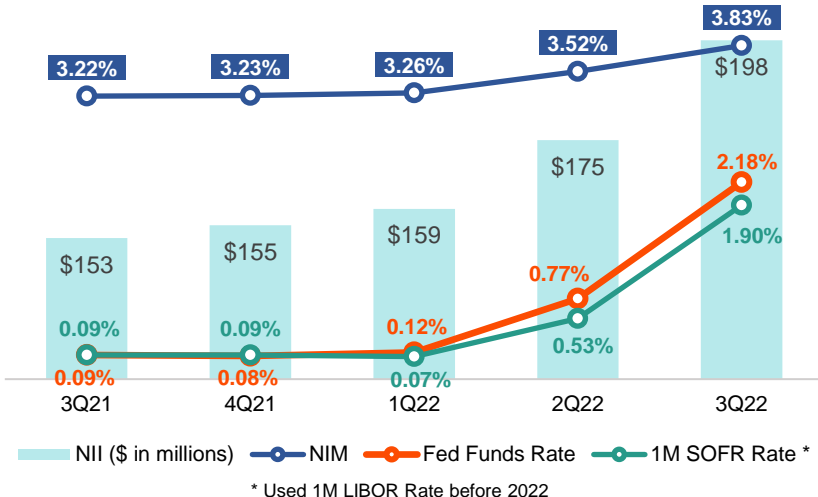
Average Loan Yield vs Prime Rate and 1M SOFR



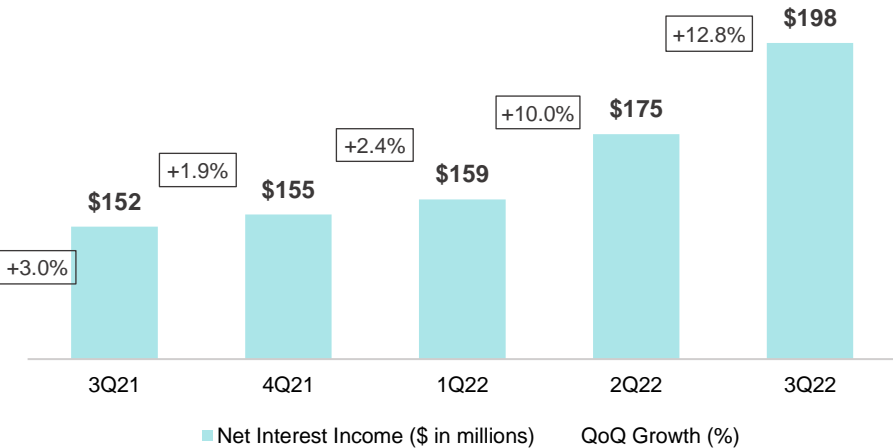
Average Cost of Deposits vs Fed Funds Rate



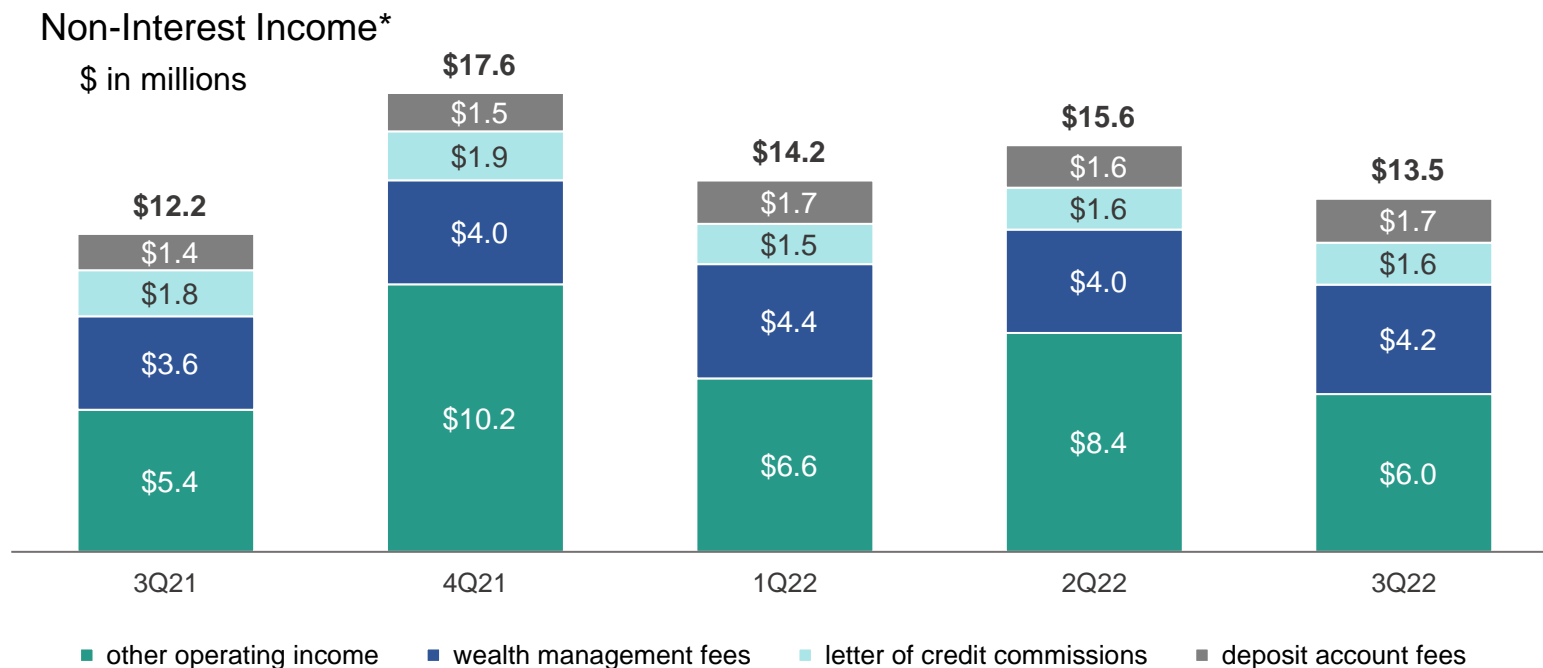
Net Interest Income and Net Interest Margin



Net Interest Income Growth



# Non-interest Income



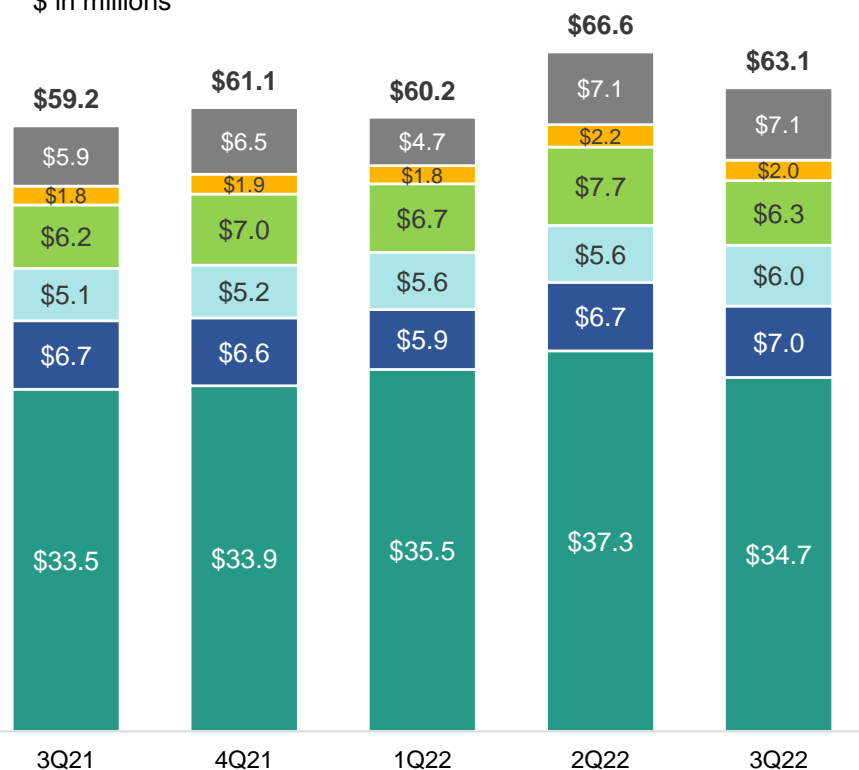
\* Non-interest income excludes net gains/(losses) from equity securities.

(\$ in millions)	3Q2021	4Q2021	1Q2022	2Q2022	3Q2022
<b>Non-interest income, before net gains/(losses) from equity securities</b>					
Non-interest income*	\$12.2	\$17.6	\$14.2	\$15.6	\$13.5
net gains/(losses) from equity securities	\$0.0	\$2.2	\$6.0	(\$1.0)	(\$3.7)
<b>Total Non-interest Income</b>	<b>\$12.2</b>	<b>\$19.8</b>	<b>\$20.2</b>	<b>\$14.6</b>	<b>\$9.9</b>

# Operating Expense & Efficiency

## Core Noninterest Expense\*

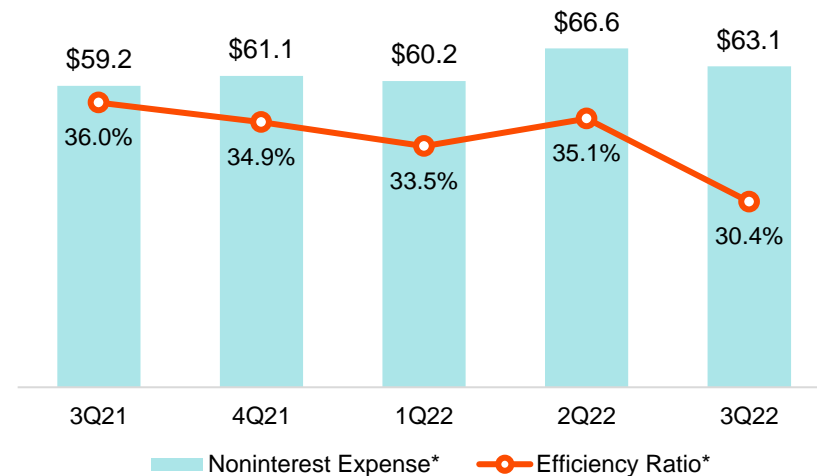
\$ in millions



- salaries and employee benefits
- computer and data processing
- occupancy
- professional services
- FDIC and State assessments
- other operating expense

## Core Noninterest Expense\* & Efficiency Ratio\*

\$ in millions



(\$ in millions)

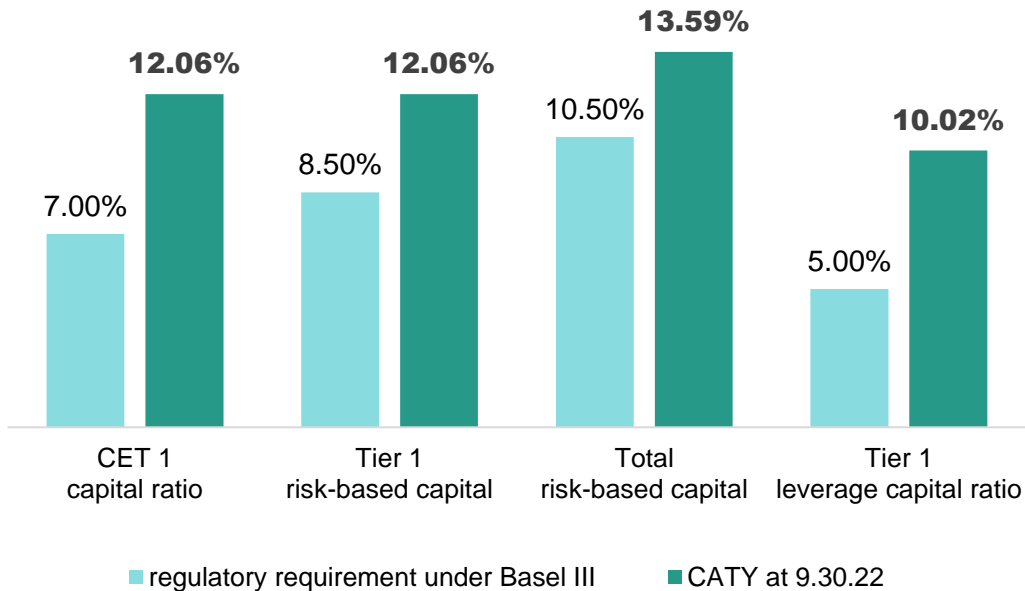
### Core noninterest expense, before amortization and other real estate owned

	3Q2021	4Q2021	1Q2022	2Q2022	3Q2022
Core noninterest expense*	\$59.2	\$61.1	\$60.2	\$66.6	\$63.1
Amortization in investment in low income housing	\$11.0	\$8.5	\$7.7	\$7.1	\$9.9
Amortization in alternative energy partnerships	\$1.4	\$2.3	\$0.6	\$0.2	\$2.0
Other real estate owned & CDF	\$0.1	\$0.3	\$0.3	\$0.2	\$0.3
Acquisition cost	\$0.5	\$0.9	\$3.9	\$0.1	\$0.1
<b>Total Noninterest Expense</b>	<b>\$72.2</b>	<b>\$73.2</b>	<b>\$72.7</b>	<b>\$74.1</b>	<b>\$75.4</b>

\* Core noninterest expense excludes amortization of investment in low income housing and alternative energy partnerships, core deposit premium, other real estate owned, and acquisition cost. Core efficiency ratio is based on core noninterest expense.



# Strong Capital Ratios



- **Capital Ratio** well above regulatory standards that continues to place Cathay in the “well capitalized” category, calculated under the Basel III capital rules.
- **Book Value Per Common Share** is \$32.96 as of 9.30.22: +0.89% compared to 6.30.22 and +3.36% YoY.
- **Tangible Book Value\* Per Common Share** is \$27.75 as of 9.30.22: +0.8% compared to 6.30.22 and +2.74% YoY.
- **Capital Return on Shareholder**
  - common stock dividend: \$0.34/share quarterly, or \$1.36/share annualized.
  - stock buyback: purchased 1,079,540 shares at avg. cost of \$42.88/sh. in third quarter.

\* Refer to GAAP to non-GAAP reconciliation in Appendix.

# Management Guidance Full Year 2022

	Full Year 2022 Guidance	Prior Outlook	Full Year 2021 Actual
<b>Loans</b> , end of period excluding PPP	Estimated growth rate 11% to 12.5%	Estimated growth rate 10% to 12%	\$16.3 billion +4.5% YoY
<b>Deposits</b>	Estimated growth rate 8% to 9.5%	Estimated growth rate 9% to 12%	\$18.1 billion +12% YoY
<b>Core Noninterest Expense</b>	Estimated growth rate 3.5% (7.7% including HSBC expenses)	Estimated growth rate 3.5% (7.7% including HSBC expenses)	\$238.6 million +4.8% YoY
<b>NIM</b>	Estimated to range between 3.60% and 3.70% based on target YE FF range between 4.50% and 4.75%	Estimated to range between 3.50% and 3.65% based on target YE FF range between 3.25% and 3.50%	3.22%
<b>Tax Rate</b>	<ul style="list-style-type: none"> <li>• Effective rate for 2022 estimated between 22.5% and 23.0%.</li> <li>• Solar amortization estimated to be \$7.5 million in Q4.</li> </ul>	<ul style="list-style-type: none"> <li>• Effective rate for second half of 2022 estimated between 21.5% and 22.5%.</li> <li>• Solar amortization estimated to be \$1.5 million in Q3 and \$7.5 million in Q4.</li> </ul>	<ul style="list-style-type: none"> <li>• Effective tax rate for the full year was 21.9%.</li> <li>• Solar amortization year to date was \$12.4 million.</li> </ul>

The guidance provided above is based on a number of assumptions that management believes to be reasonable and reflects our expectations as of the date of this presentation. Actual results may differ materially from these estimates as a result of various factors, and we refer to the cautionary language regarding “forward-looking statements” included in this presentation when considering this information.

# Appendix



# Appendix: GAAP to Non-GAAP Reconciliation

## Selected Consolidation Financial Information (unaudited)

We use certain non-GAAP financial measures to provide supplemental information regarding our performance. Tangible equity and tangible equity to tangible assets ratio are non-GAAP financial measures. Tangible equity and tangible assets represent stockholders' equity and total assets, respectively, which have been reduced by goodwill and other intangible assets. Given that the use of such measures and ratios is more prevalent in the banking industry, and such measures and ratios are used by banking regulators and analysts, we have included them below for discussion.

	Three Months Ended		
	September 30, 2022	June 30, 2022	September 30, 2021
Stockholders' equity	(a) \$ 2,419,559	\$ 2,431,532	\$ 2,463,291
Less: Goodwill	(375,696)	(375,696)	(372,189)
Other intangible assets <sup>(1)</sup>	(6,948)	(7,231)	(4,831)
<b>Tangible equity</b>	<b>(b) \$ 2,036,915</b>	<b>\$ 2,048,605</b>	<b>\$ 2,086,271</b>
Total assets	(c) \$ 21,890,131	\$ 21,235,553	\$ 19,860,440
Less: Goodwill	(375,696)	(375,696)	(372,189)
Other intangible assets <sup>(1)</sup>	(6,948)	(7,231)	(4,831)
Tangible assets	(d) \$ 21,507,487	\$ 20,852,626	\$ 19,483,420
Number of common shares outstanding	(e) 73,411,960	74,421,884	77,240,215
Total stockholders' equity to total assets ratio	(a)/(c) 11.05%	11.45%	12.40%
Tangible equity to tangible assets ratio	(b)/(d) 9.47%	9.82%	10.71%
Tangible book value per share	(b)/(e) \$ 27.75	\$ 27.53	\$ 27.01

	Three Months Ended			Nine Months Ended	
	September 30, 2022	June 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Net Income	\$ 99,035	\$ 88,978	\$ 72,397	\$ 263,041	\$ 222,980
Add: Amortization of other intangibles	250	277	205	724	626
Tax effect of amortization adjustments <sup>(2)</sup>	(74)	(82)	(61)	(215)	(186)
<b>Tangible net income</b>	<b>(f) \$ 99,211</b>	<b>\$ 89,173</b>	<b>\$ 72,541</b>	<b>\$ 263,550</b>	<b>\$ 223,420</b>
Return on tangible common equity <sup>(3)</sup>	(f)/(b) 4.87%	4.35%	3.48%	17.25%	14.28%

<sup>(1)</sup> Includes core deposit intangibles and mortgage servicing

<sup>(2)</sup> Applied the statutory rate of 29.65%.

<sup>(3)</sup> Annualized



**Cathay General  
Bancorp**