

Financial Earnings Results



Second Quarter 2023

July 24, 2023



Forward Looking Statements

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 clients and our operations, assets and liabilities; 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 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, 2022, 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 2Q 2023

Profitability: Return on Assets & Equity



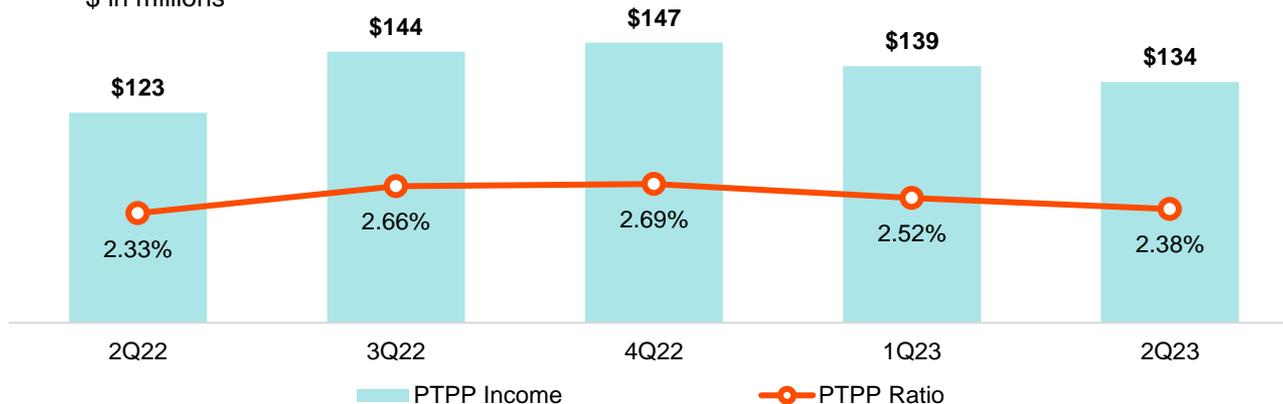
Return on Tangible Equity*



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

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.

Quarterly results ending June 30, 2023

Net Income

- \$93.2 million

Diluted EPS

- \$1.28

Total Revenue

- \$204.6 million

Total Loans

- \$19.0 billion

Total Deposits

- \$19.1 billion

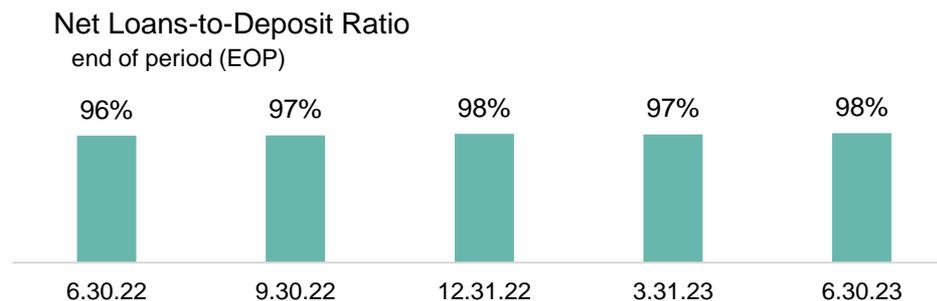
Efficiency Ratio

- 45.36%

Summary Balance Sheets

\$ in millions, except per share data	6.30.23	3.31.23	QoQ Change
Cash equivalents & ST investments	\$ 1,482	\$ 1,133	\$ 349
AFS debt securities	1,487	1,541	(54)
Gross loans, net of discounts	\$ 18,943	\$ 18,311	\$ 632
Allowance for credit losses	(155)	(145)	(10)
Net Loans	\$ 18,788	\$ 18,167	\$ 621
Other assets	1,271	1,190	81
Total Assets	\$ 23,028	\$ 22,032	\$ 996
Customer deposits	\$ 19,097	\$ 18,649	448
FHLB borrowings	815	360	455
Debt	141	141	(0)
Other Liabilities	372	339	33
Total Liabilities	\$ 20,425	\$ 19,489	\$ 936
Total Stockholders' Equity	\$ 2,603	\$ 2,543	\$ 60

Note: Information as of 6.30.23 and 3.31.23 are unaudited.

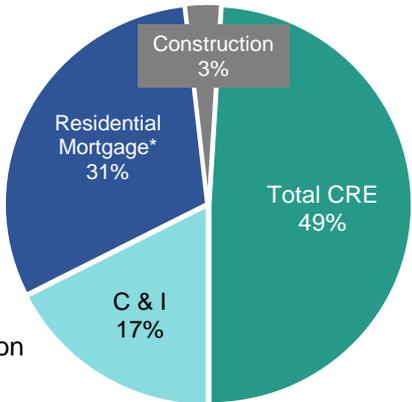


Loan Composition

Total Loan Portfolio

• **\$19.0 billion**

as of 6.30.23



Total CRE \$9.3 billion
 Residential Mortgage* \$5.8 billion
 C&I Loans \$3.3 billion
 Construction Loans \$0.5 billion

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

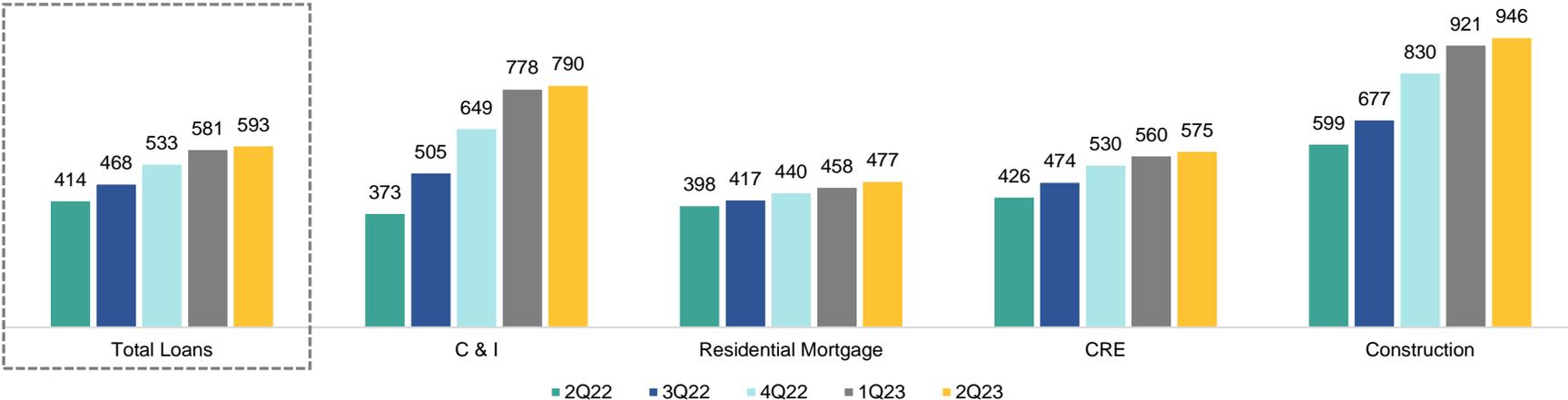
Average Loan Growth – QoQ Annualized

\$ in billions

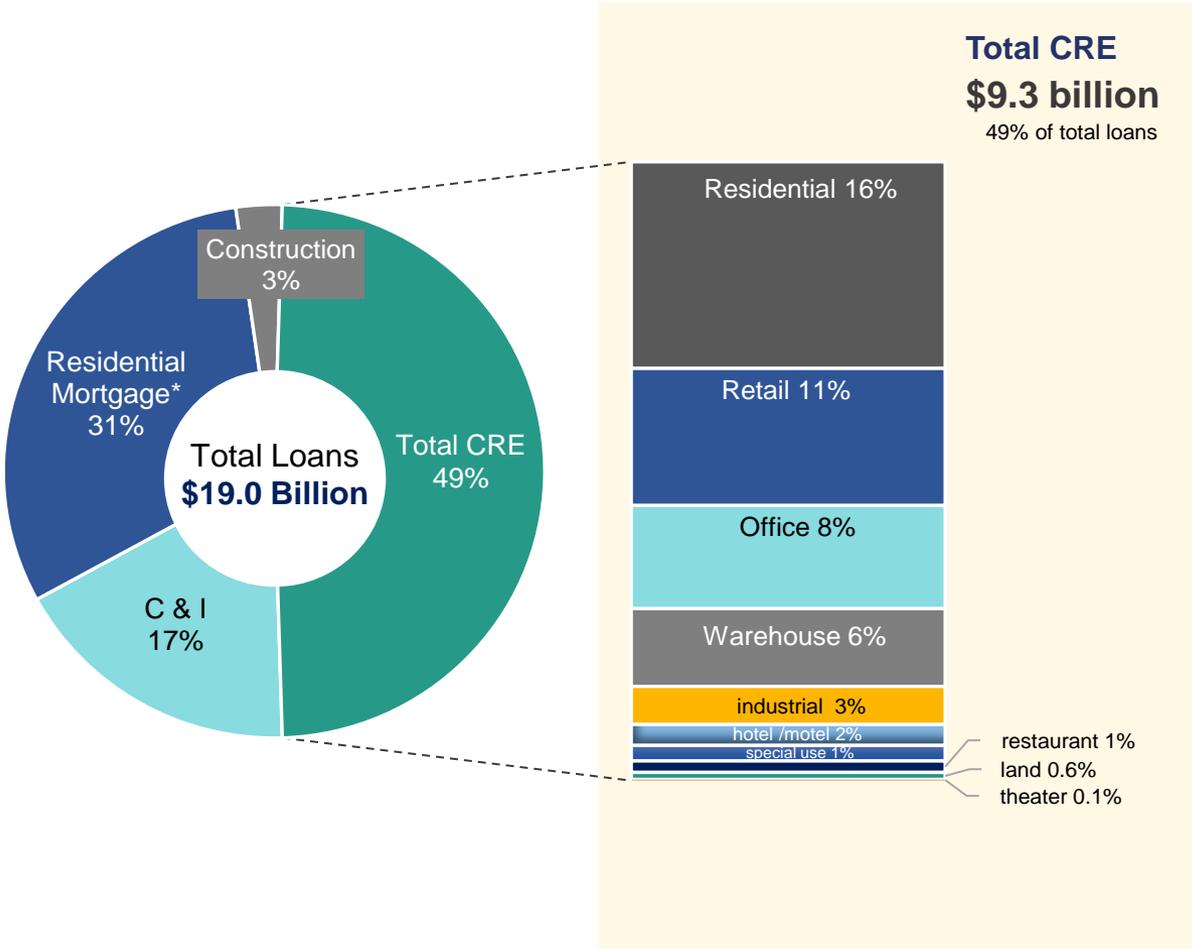


Average Loan Yield by Type

in bps

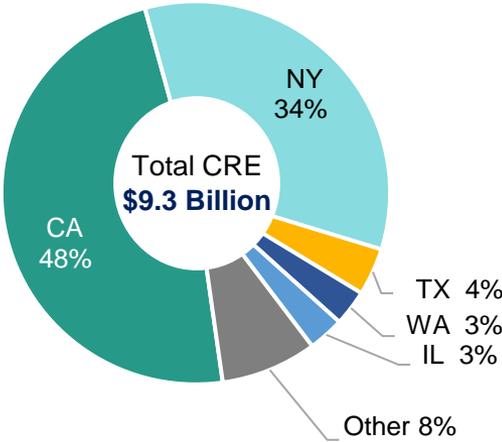


Commercial Real Estate Portfolio

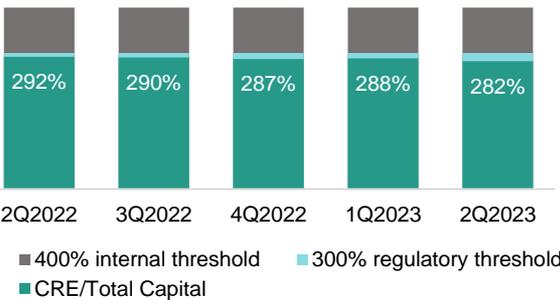


* Residential Mortgage includes equity lines, installment and other loans.

Total CRE Geographic Distribution



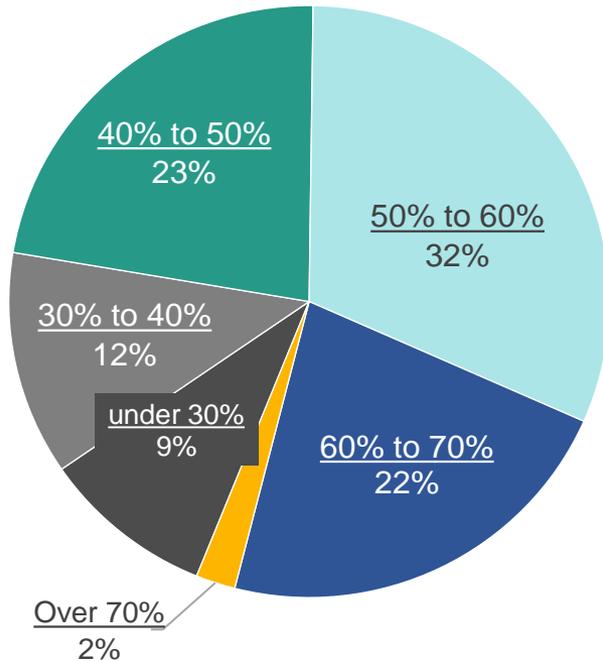
Total CRE Concentration



Commercial Real Estate Portfolio

LTV Distribution of Total CRE \$9.3 Billion

- **\$1.74 mil** avg. outstanding size
- weighted avg. LTV **50%**



LTV & Size by Property Type

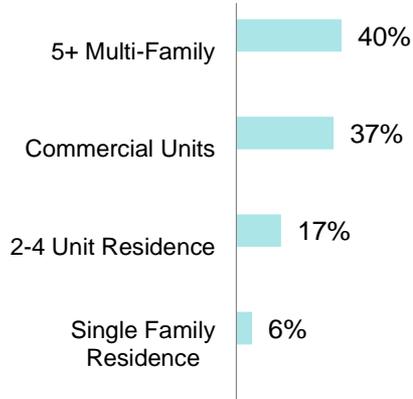
\$ in millions	Total CRE Loan Portfolio	Total CRE Weighted Avg. LTV
Residential	\$ 3,100	54%
Retail	\$ 2,060	50%
Office*	\$ 1,552	49%
Warehouse	\$ 1,166	48%
Industrial	\$ 572	50%
Special Use*	\$ 236	44%
Hotel / Motel	\$ 312	44%
Restaurant	\$ 168	45%
Land	\$ 106	37%
Theater	\$ 21	63%
Total CRE	\$ 9,293	50%

- In Q2, \$108 million was reclassified from Special Use to Office.

Selected CRE and Construction Loan Portfolios

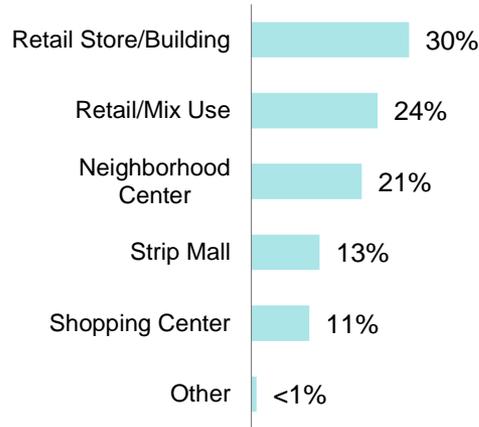
Residential CRE Portfolio

% based on \$3.10 billion loans outstanding



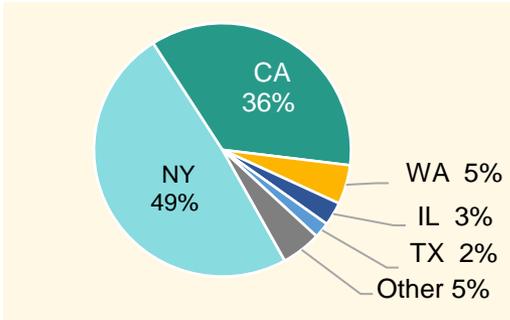
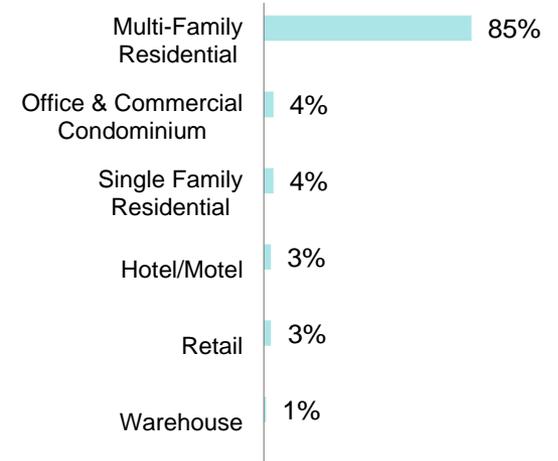
Retail CRE Portfolio

% based on \$2.06 billion loans outstanding

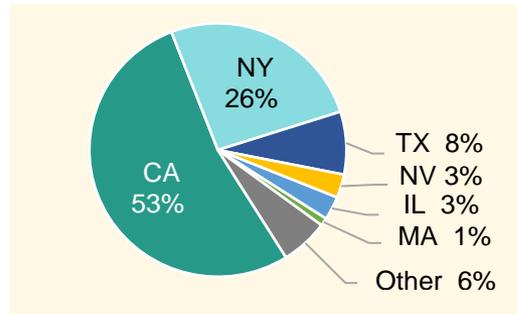


Construction Portfolio

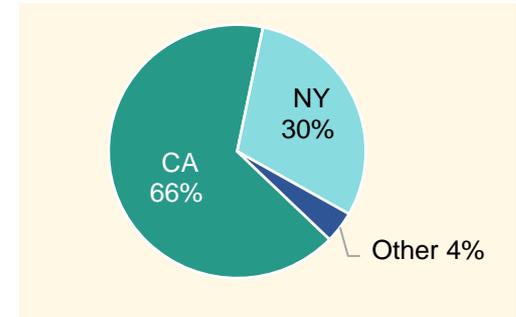
% based on \$522 million loans outstanding



• weighted avg. LTV 54%



• weighted avg. LTV 50%

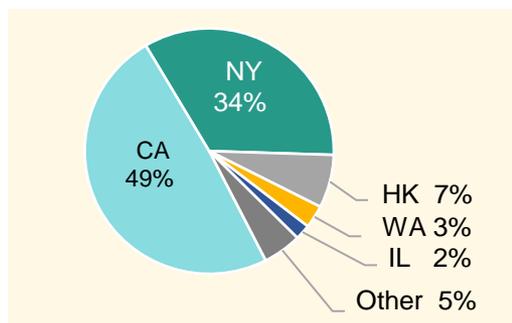
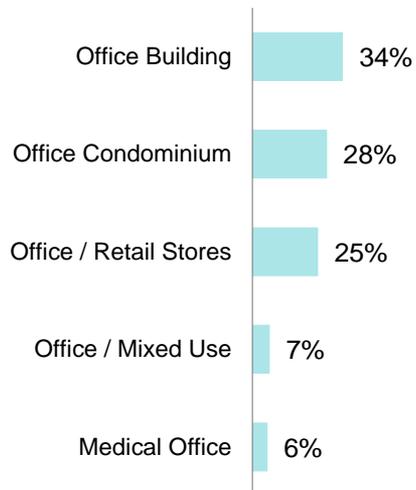


• weighted avg. LTV 55%

Selected CRE and Construction Loan Portfolios (cont'd)

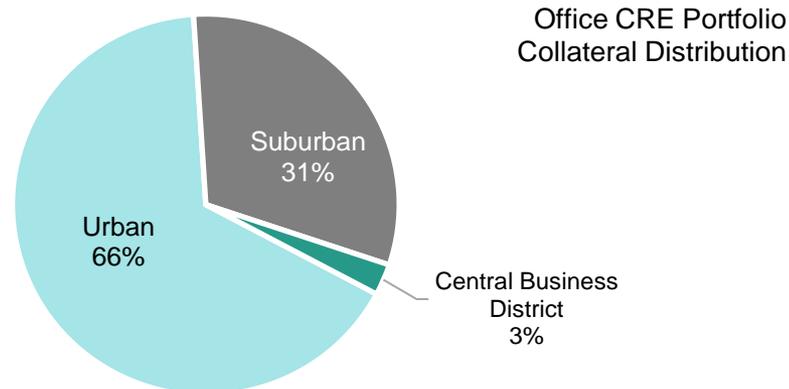
Office CRE Portfolio

% based on \$1.55 billion loans outstanding



- weighted avg. LTV 49%

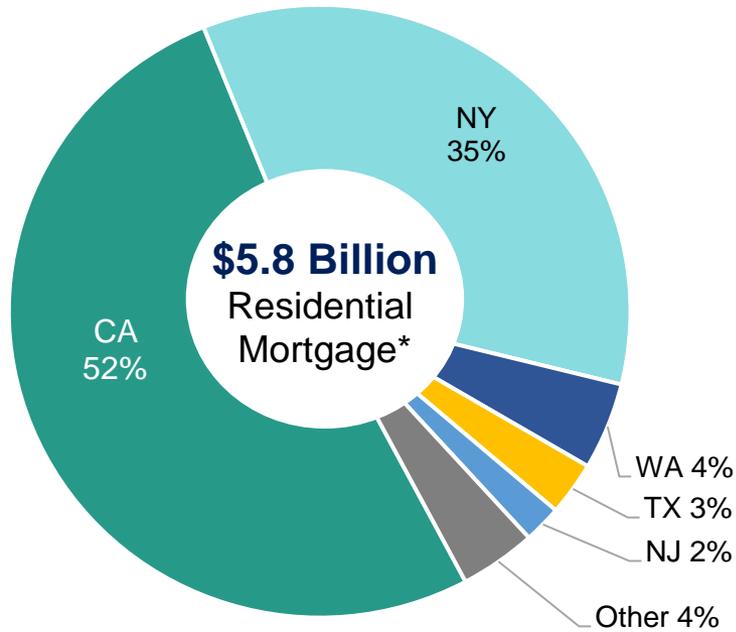
\$ in millions	Office CRE Loan Portfolio	Total CRE Weighted Avg. LTV
Office CRE Portfolio		
Office Building	\$ 534	47%
Office Condominium	\$ 440	46%
Office / Retail Stores	\$ 387	34%
Office / Mixed Use	\$ 102	44%
Medical Office	\$ 89	48%
Total Office CRE	\$ 1,552	
Avg. Outstanding Size	\$ 2.1	
Avg. Property Size (sq ft)	12,614	



Central Business District (CBD) – Central Business/Financial Centers (mainly city downtowns)
 Urban – City and metropolitan areas
 Suburban – Outside of the city/metropolitan area

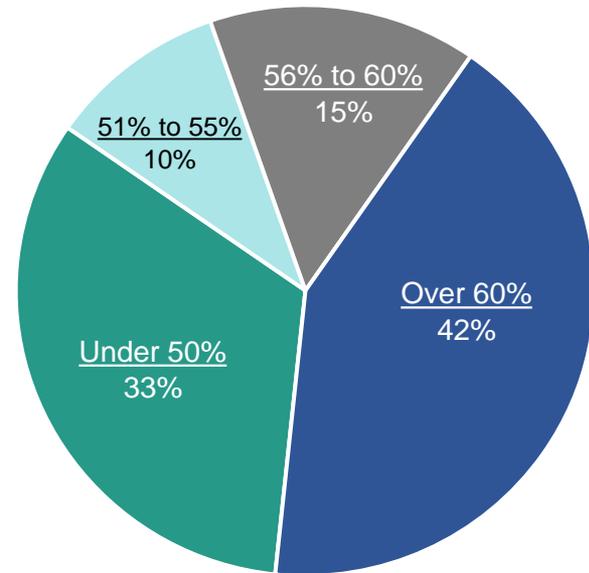
Residential Mortgage Portfolio

Geographic Distribution of Residential Mortgage



SFR LTV Distribution

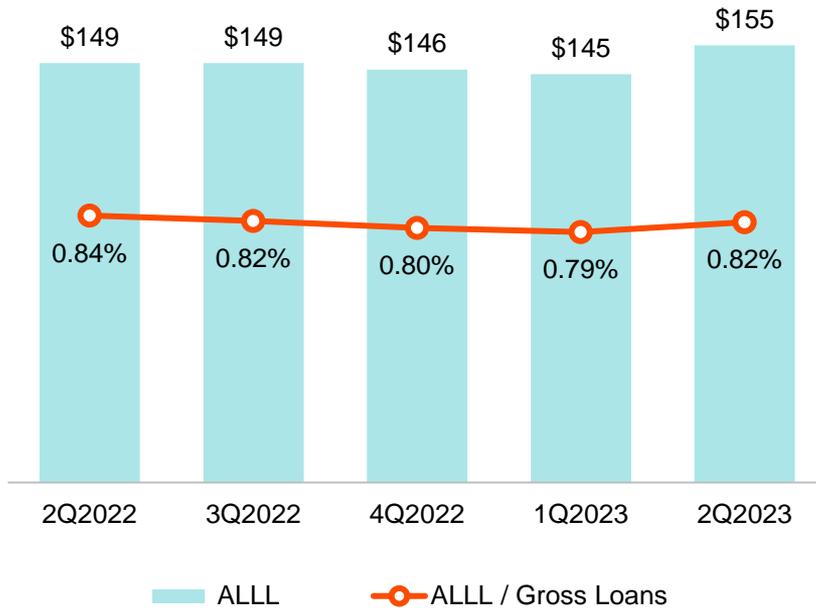
- **\$416,280** avg. outstanding size
- weighted avg. LTV **55%**



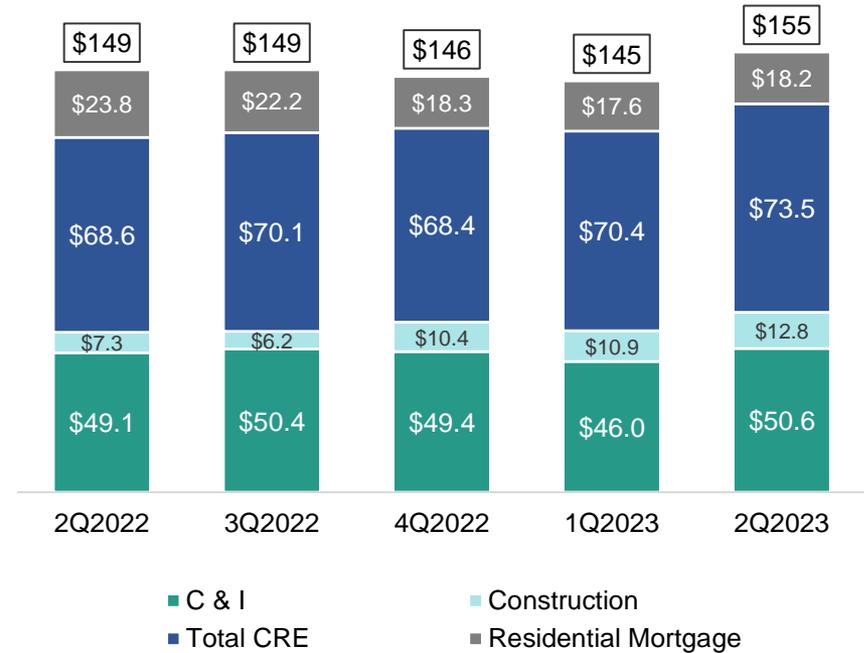
* Residential Mortgage includes equity lines, installment and other loans.

Allowance for Loan and Lease Losses (ALLL)

ALLL Ratio
\$ in millions



ALLL Composition
\$ in millions



Asset Quality Metrics

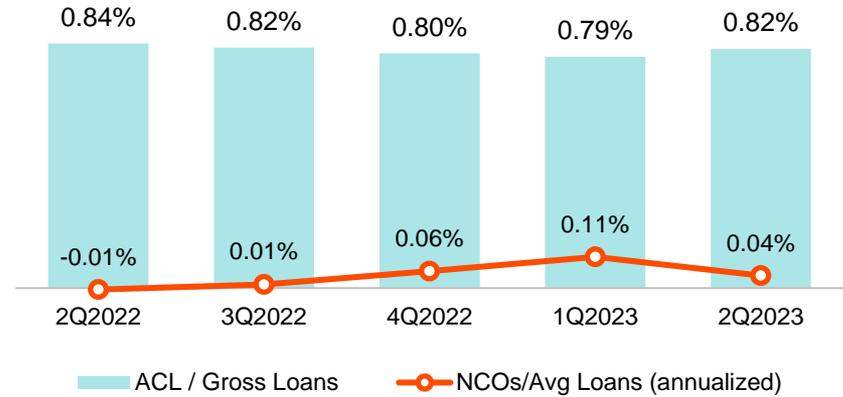
Classified Loans Ratio

\$ in millions



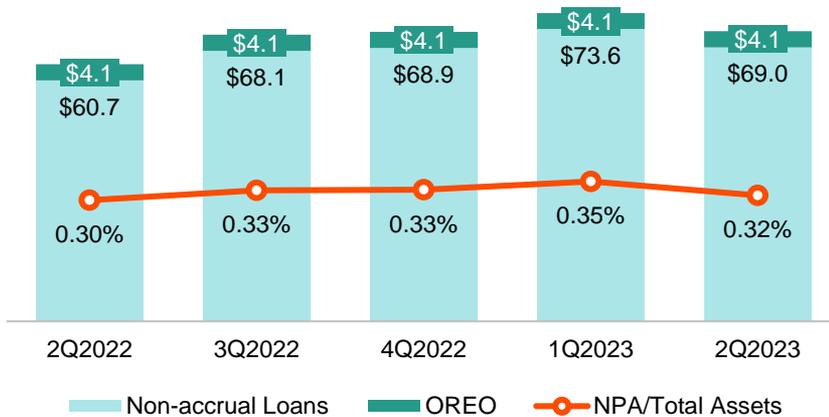
Classified Loans are loans classified as substandard and doubtful.

Reserves and Net Charge-Offs



Non-Performing Assets Ratio

\$ in millions



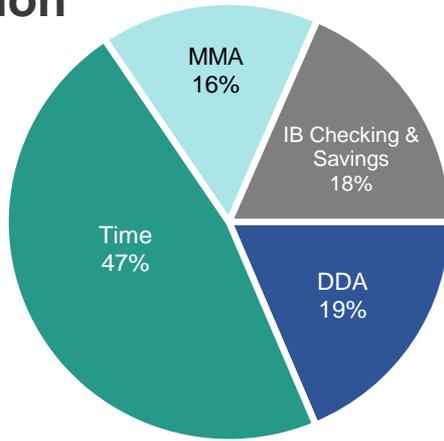
Non-Performing Assets (NPA) = Non-accrual Loans + OREO

- **Allowance coverage of loans HFI:** 0.82% as of 6/30/23 vs. 0.79% as of 3/31/23.
- **Nonaccrual loans/loans HFI:** 0.36% as of 6/30/23 vs. 0.40% as of 3/31/23.

Deposit Mix

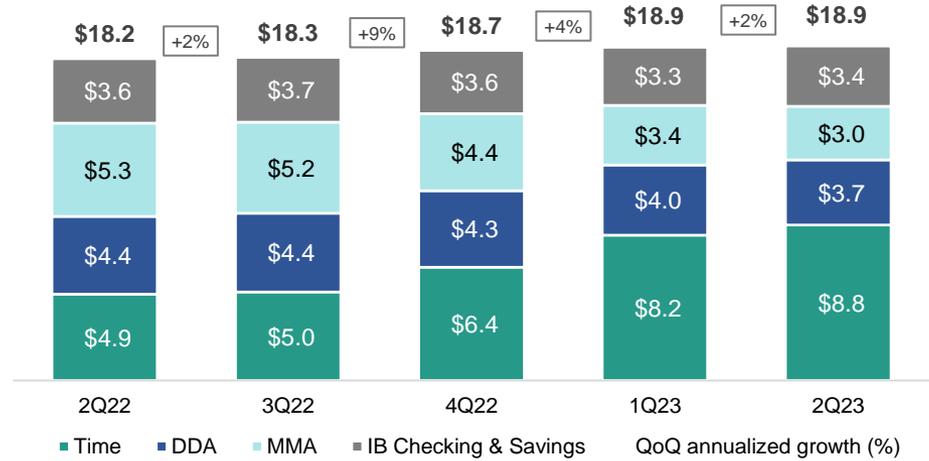
Total Deposits

- **\$19.1 billion**
as of 6.30.23



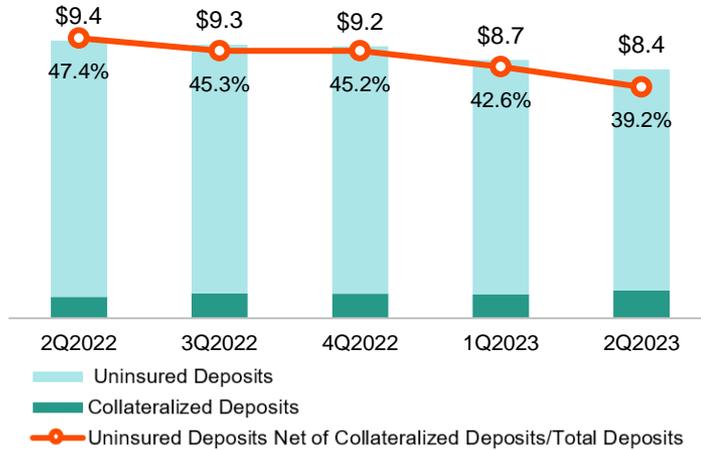
Average Deposit Growth – QoQ Annualized

\$ in billions



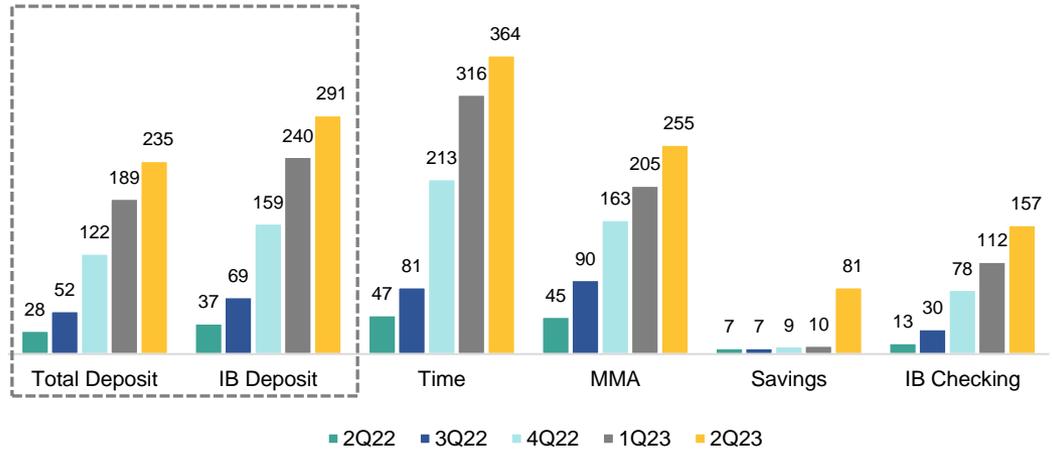
Uninsured Deposits

\$ in billions



Average Cost of Deposits by Type

in bps



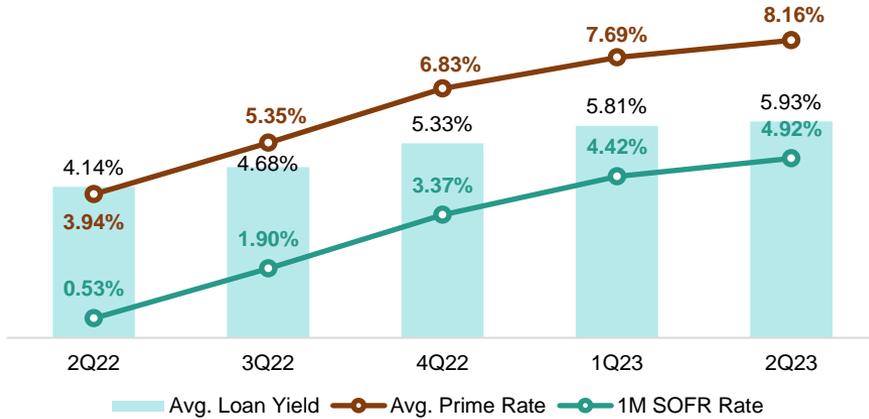
Summary Income Statements

\$ in millions, except per share data	6.30.23	3.31.23	\$ Change	% Change
Net Interest Income	\$ 181.5	\$ 192.4	\$ (10.9)	(5.7)%
Noninterest income	12.5	9.4	3.1	32.6%
Net (losses) / Gains from equity securities	10.7	4.9	5.8	119.7%
Total Noninterest Income	23.1	14.2	8.9	62.2%
Noninterest expense	70.5	67.3	3.2	4.7%
amortization of tax credit and other investment plus core deposit intangibles	22.3	15.8	6.5	40.8%
Total Noninterest Expense	\$ 92.8	\$ 83.2	\$ 9.6	11.6%
Provision for credit losses	9.2	8.1	1.1	13.0%
Income tax expense	9.4	19.4	(9.9)	(51.3)%
Net Income	\$ 93.2	\$ 96.0	\$ (2.8)	(2.9)%
Diluted EPS	\$ 1.28	\$ 1.32	\$ (0.04)	(2.7)%
Weighted avg. diluted shares (in millions)	72.8	72.9	(0.1)	(0.2)%

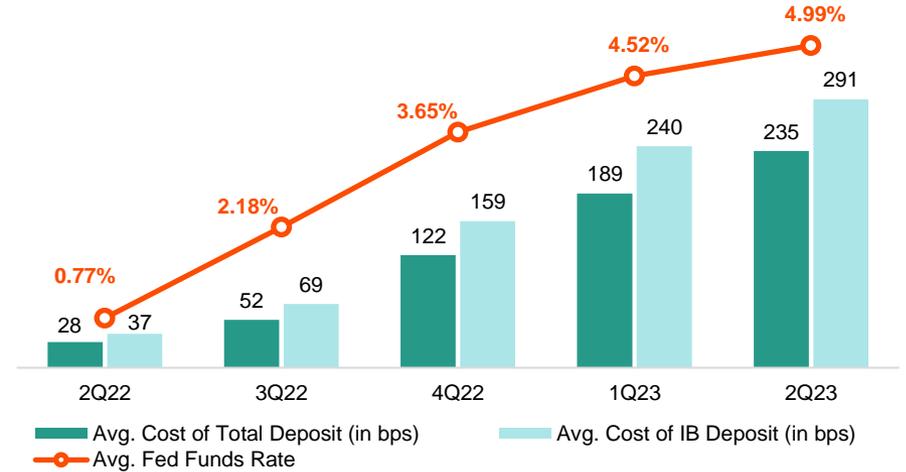
Note: Information for quarter ending 6.30.23 and 3.31.23 are unaudited.

Loan Yields, Deposit Costs and Net Interest Income

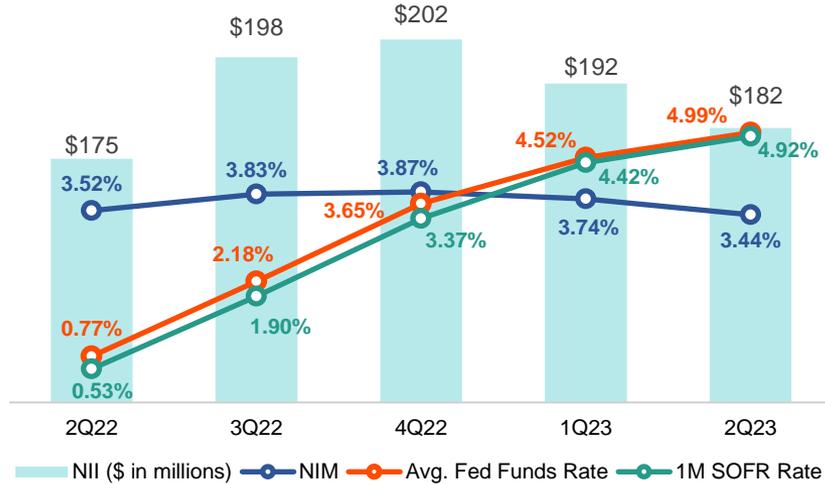
Average Loan Yield vs Prime Rate and 1M SOFR



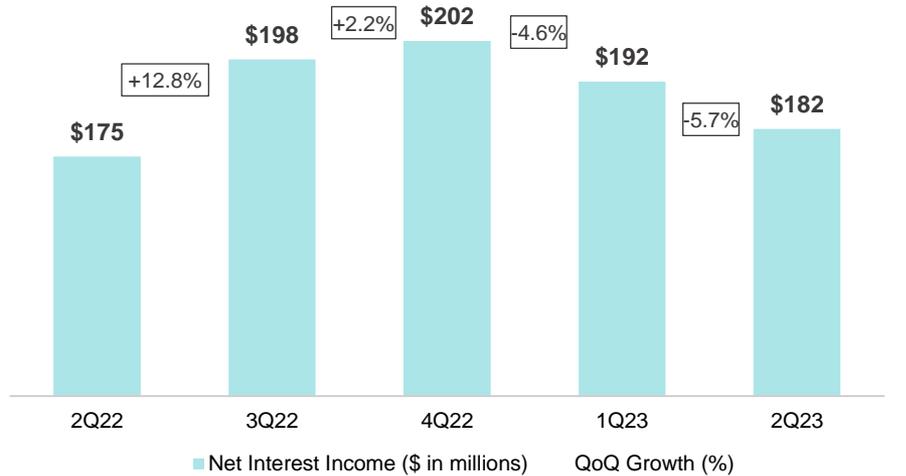
Average Cost of Deposits vs Fed Funds Rate



Net Interest Income and Net Interest Margin

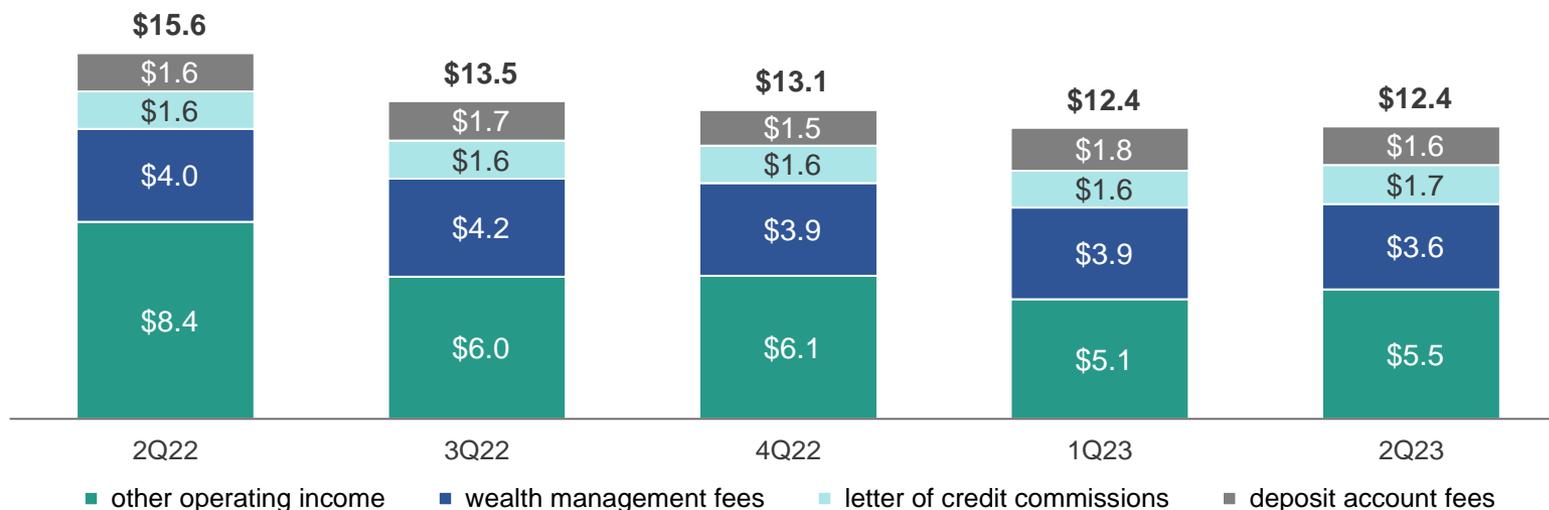


Net Interest Income Growth



Non-Interest Income

Non-Interest Income*
\$ in millions



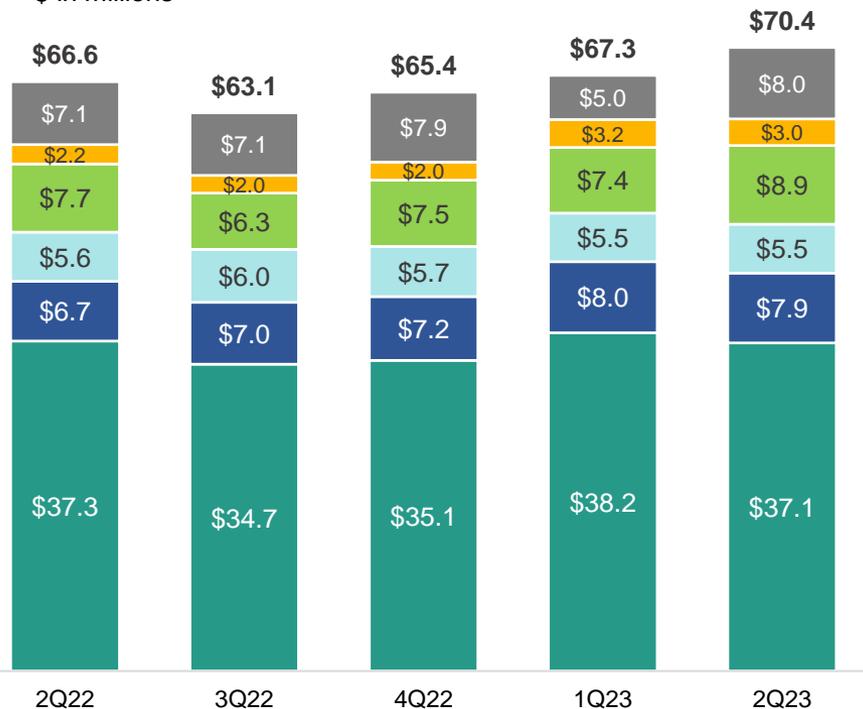
* Non-interest income excludes net gains/(losses) from equity securities.

(\$ in millions)	2Q2022	3Q2022	4Q2022	1Q2023	2Q2023
Non-interest income, before net gains/(losses) from equity securities					
Non-interest income*	\$15.6	\$13.5	\$13.1	\$12.4	\$12.4
net gains/(losses) from equity securities	(\$1.0)	(\$3.7)	(\$1.0)	\$4.8	\$10.7
net gains/(losses) from investment securities	-	-	-	(\$3.0)	\$0.0
Total Non-interest Income	\$14.6	\$9.9	\$12.1	\$14.2	\$23.1

Operating Expense & Efficiency

Core Noninterest Expense*

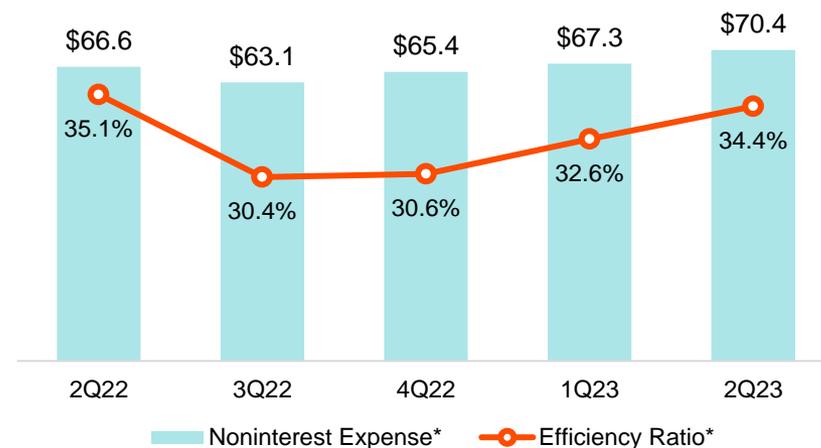
\$ in millions



- 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



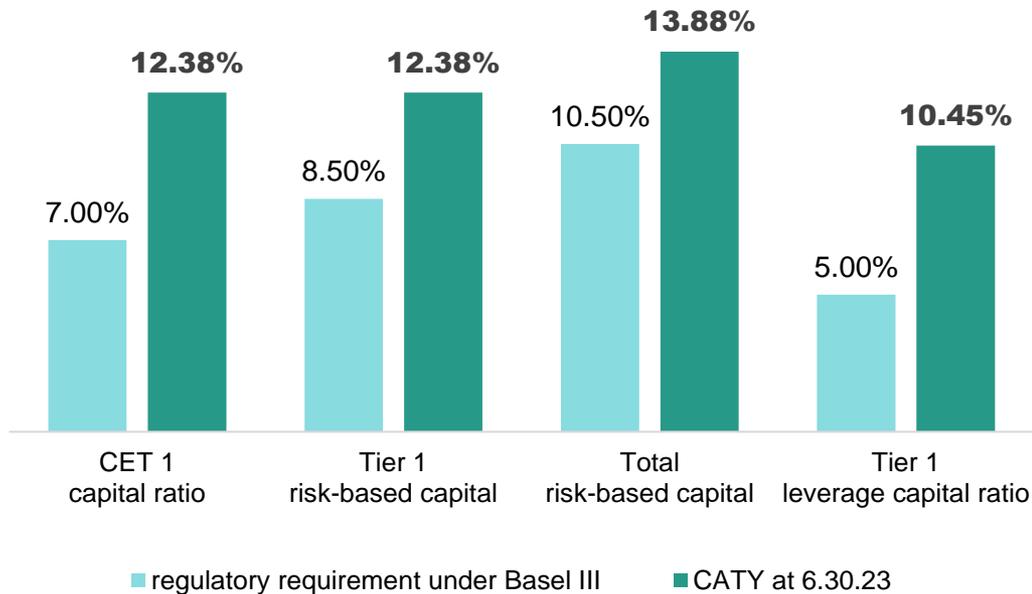
(\$ in millions)

Core noninterest expense, before amortization and other real estate owned

	2Q2022	3Q2022	4Q2022	1Q2023	2Q2023
Core noninterest expense*	\$66.6	\$63.1	\$65.4	\$67.3	\$70.4
Amortization in investment in low income housing	\$7.1	\$9.9	\$11.1	\$9.1	\$11.6
Amortization in alternative energy partnerships	\$0.2	\$2.0	\$3.5	\$6.5	\$10.2
Other real estate owned & CDF	\$0.2	\$0.3	\$1.2	\$0.3	\$0.6
Acquisition cost	\$0.1	\$0.1	\$0.0	-	-
Total Noninterest Expense	\$74.1	\$75.4	\$81.2	\$83.2	\$92.8

* 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



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

- **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** \$35.87 as of 6.30.23: +2.14% compared to 3.31.23 and +9.78% YoY.
- **Tangible Book Value* Per Common Share is** \$30.62 as of 6.30.23: +2.58% compared to 3.31.23 and +11.22% YoY.
- **Capital Return on Shareholder**
 - common stock dividend: \$0.34/share quarterly, or \$1.36/share annualized.

Management Guidance Full Year 2023

	Full Year 2023 Guidance	Prior Outlook	Full Year 2022 Actual
Loans, end of period	<ul style="list-style-type: none"> Estimated growth rate 5% to 7% 	<ul style="list-style-type: none"> Estimated growth rate 1% to 3% 	\$18.3 billion +11.7% YoY
Deposits	<ul style="list-style-type: none"> Estimated growth rate 5% to 7% 	<ul style="list-style-type: none"> Estimated growth rate 2% to 4% 	\$18.5 billion +2.5% YoY
Core Noninterest Expense	<ul style="list-style-type: none"> Estimated growth rate 3.5% 	<ul style="list-style-type: none"> Estimated growth rate 3.5% 	\$255.3 million +7.3% YoY
NIM	<ul style="list-style-type: none"> Estimated to range between 3.50% and 3.60% 	<ul style="list-style-type: none"> Estimated to range between 3.60% and 3.70% 	3.63%
Tax Rate	<ul style="list-style-type: none"> Effective tax rate for 2023 estimated between 13.0% and 14.0%. Solar amortization estimated to be \$42 million for FY23, including \$16 million for Q3 and \$11 million for Q4. 	<ul style="list-style-type: none"> Effective tax rate for 2023 estimated between 16.5% and 17.5%. Solar amortization estimated to be \$30 million FY 2023, including \$10 million in Q2 and \$13 million in Q3. 	<ul style="list-style-type: none"> Effective tax rate for the full year was 23.68%. Solar amortization was \$6.2 million.

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 (\$ in thousands) (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.

		<u>June 30, 2023</u>	<u>March 31, 2023</u>	<u>June 30, 2022</u>			<u>June 30, 2023</u>	<u>June 30, 2022</u>
Stockholders' equity	(a)	\$ 2,602,671	\$ 2,542,339	\$ 2,431,532				
Less: Goodwill		(375,696)	(375,696)	(375,696)				
Other intangible assets ⁽¹⁾		(4,992)	(5,564)	(7,231)				
Tangible equity	(b)	<u>\$ 2,221,983</u>	<u>\$ 2,161,079</u>	<u>\$ 2,048,605</u>				
Total assets	(c)	\$ 23,028,438	\$ 22,031,601	\$ 21,235,553				
Less: Goodwill		(375,696)	(375,696)	(375,696)				
Other intangible assets ⁽¹⁾		(4,992)	(5,564)	(7,231)				
Tangible assets	(d)	<u>\$ 22,647,750</u>	<u>\$ 21,650,341</u>	<u>\$ 20,852,626</u>				
Number of common shares outstanding	(e)	72,563,169	72,390,694	74,421,884				
Total stockholders' equity to total assets ratio	(a)/(c)	11.30%	11.54%	11.45%				
Tangible equity to tangible assets ratio	(b)/(d)	9.81%	9.98%	9.82%				
Tangible book value per share	(b)/(e) \$	30.62	\$ 29.85	\$ 27.53				
			Three Months Ended				Six Months Ended	
		<u>June 30, 2023</u>	<u>March 31, 2023</u>	<u>June 30, 2022</u>			<u>June 30, 2023</u>	<u>June 30, 2022</u>
Net Income		\$ 93,220	\$ 96,007	\$ 88,978			\$ 189,227	\$ 164,006
Add: Amortization of other intangibles		570	192	277			762	528
Tax effect of amortization adjustments ⁽²⁾		(169)	(57)	(82)			(226)	(157)
Tangible net income	(f)	<u>\$ 93,621</u>	<u>\$ 96,142</u>	<u>\$ 89,173</u>			<u>\$ 189,763</u>	<u>\$ 164,377</u>
Return on tangible common equity ⁽³⁾	(f)/(b)	16.85%	17.80%	17.41%			17.08%	16.05%

⁽¹⁾ Includes core deposit intangibles and mortgage servicing

⁽²⁾ Applied the statutory rate of 29.65%.

⁽³⁾ Annualized

