

Financial Earnings Results



Fourth Quarter and Full Year 2022

January 25, 2023

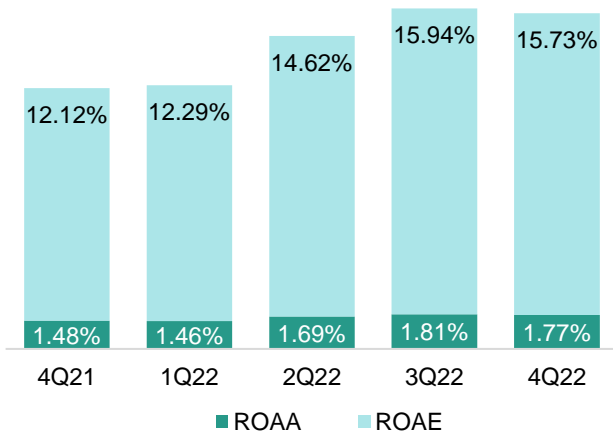
Forward Looking Statements

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 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.

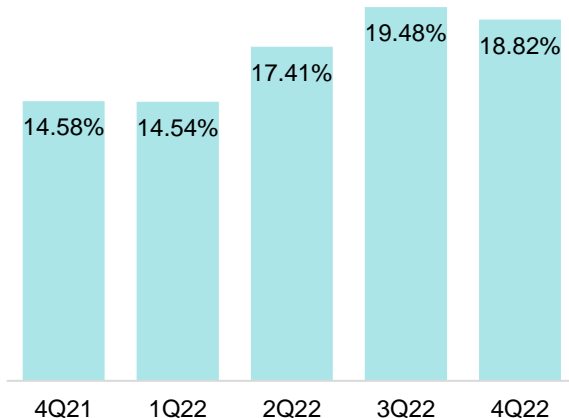
For a discussion of these and other risks that may cause actual results to differ from expectations, please see our Annual Report on Form 10-K (at Item 1A in particular) for the year ended December 31, 2021 and all subsequent reports and filings we make with the Securities and Exchange Commission under 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 4Q 2022

Profitability: Return on Assets & Equity



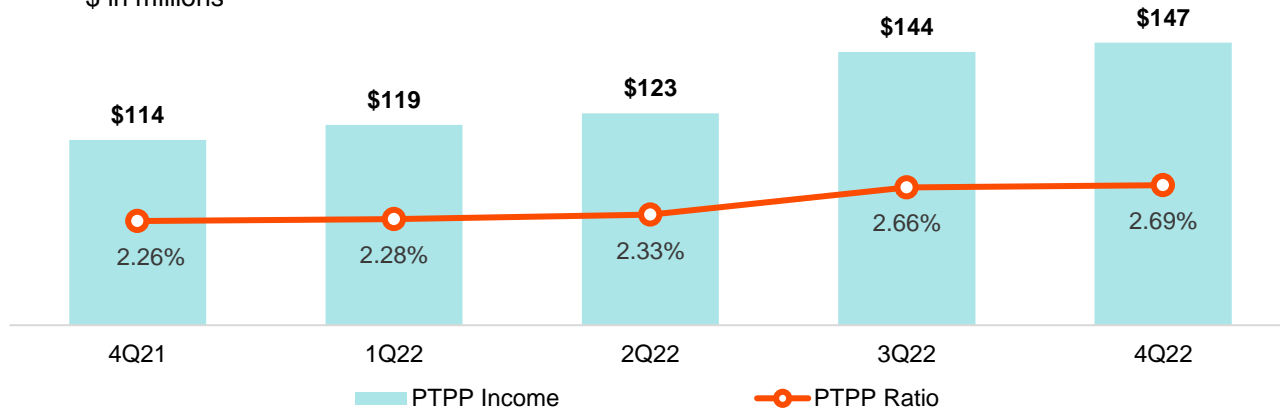
Return on Tangible Equity*



* 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 December 31, 2022

Net Income

- \$97.6 million

Diluted EPS

- \$1.33

Total Revenue

- \$213.9 million

Total Loans

- \$18.3 billion

Total Deposits

- \$18.5 billion

Efficiency Ratio

- 37.97%

Summary Highlights: 4Q and Full Year 2022 Results

\$ in millions, except per share data	4Q 22	Change 4Q22 v. 3Q22	Change 4Q22 v. 4Q21	Full Year 2022	Change YoY
Earnings					
Net Income	\$ 97.6	(1)%	30%	\$ 360.6	21%
Basic EPS	\$ 1.33	(1)%	36%	\$ 4.85	27%
Diluted EPS	\$ 1.33	0%	36%	\$ 4.83	27%
Total Revenue	\$ 213.9	3%	22%	\$ 790.5	21%
NII	\$ 201.8	2%	30%	\$ 733.7	23%
NIM	3.87%	1%	20%	3.63%	13%
ROAA	1.77%	(2)%	20%	1.69%	11%
ROAE	15.73%	(1)%	30%	14.70%	21%
Efficiency Ratio	37.97%	4%	(9)%	38.38%	(13)%
Balance Sheets					
Total Loans*	\$ 18,254	1%	17%	\$ 18,254	12%
Total Deposits	\$ 18,505	(0)%	15%	\$ 18,505	2%

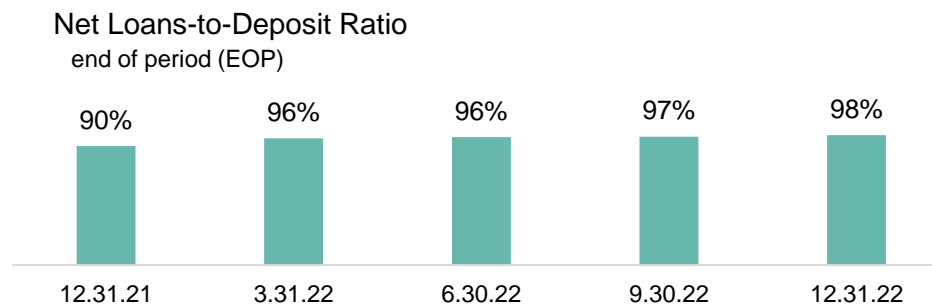
Note: Information as of 12.31.22 and 9.30.22 are unaudited.

* Gross Loans, net of fees

Summary Balance Sheets

\$ in millions, except per share data	12.31.22	9.30.22	QoQ Change
Cash equivalents & ST investments	\$ 1,154	\$ 1,263	\$ (109)
AFS debt securities	1,473	1,414	59
Gross loans, net of discounts	\$ 18,247	\$ 18,100	\$ 148
Allowance for credit losses	(146)	(149)	2
Net Loans	\$ 18,101	\$ 17,951	\$ 150
Other assets	1,257	1,261	(4)
Total Assets	\$ 21,986	\$ 21,890	\$ 96
Customer deposits	\$ 18,505	\$ 18,576	(70)
FHLB borrowings	485	360	125
Debt	142	141	0
Other Liabilities	380	393	(13)
Total Liabilities	\$ 19,512	\$ 19,470	\$ 41
Total Stockholders' Equity	\$ 2,474	\$ 2,420	\$ 54

Note: Information as of 12.31.22 and 9.30.22 is unaudited.

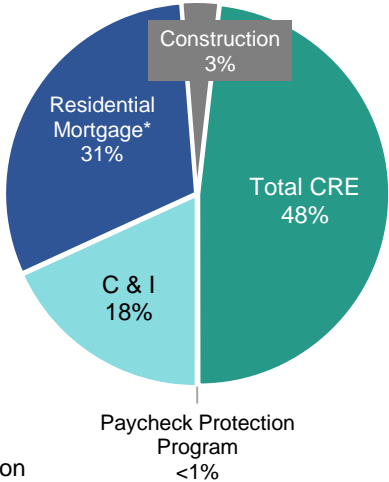


Loan Composition

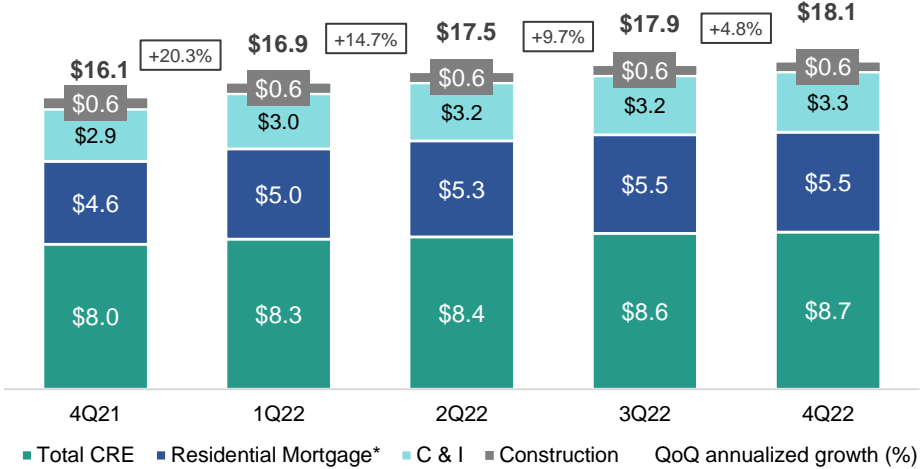
Total Loan Portfolio

• **\$18.3 billion***
as of 12.31.22

Total CRE \$8.8 billion
Residential Mortgage** \$5.6 billion
C&I Loans \$3.3 billion
Construction Loans \$0.6 billion
Paycheck Protection Program \$3 million

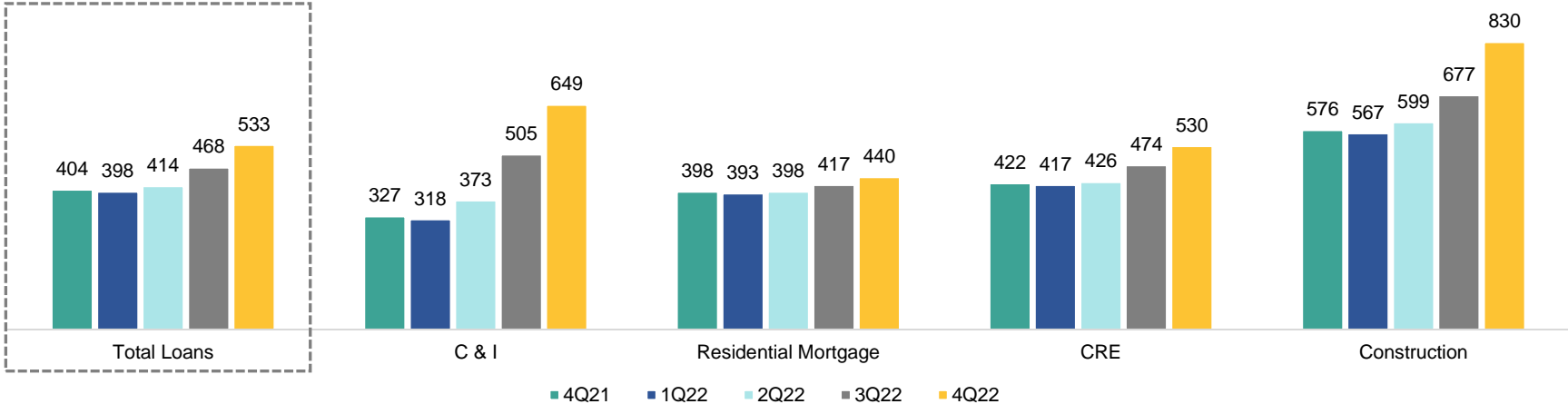


Average Loan Growth – QoQ Annualized \$ in billions

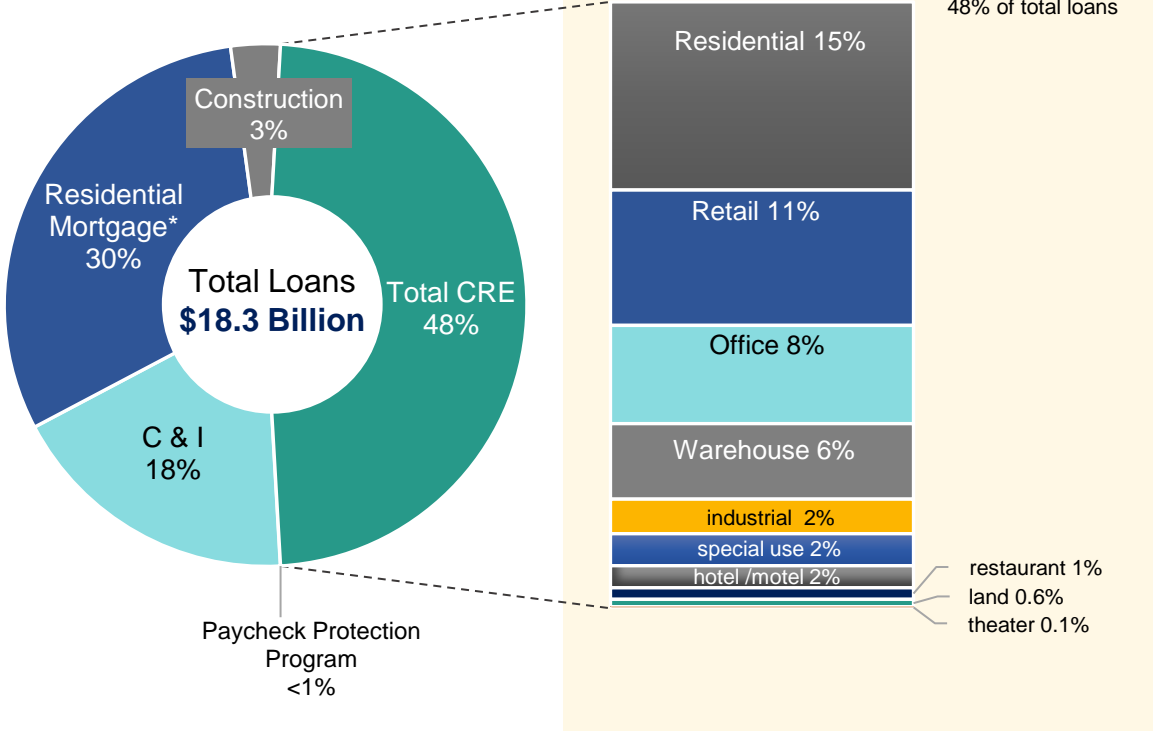


* Includes Day 1 loan balance of \$646 million acquired through the HSBC Bank USA, N.A. West Coast mass retail banking operations on February 7, 2022.
** Residential Mortgage includes equity lines, installment and other loans.

Average Loan Yield by Type in bps

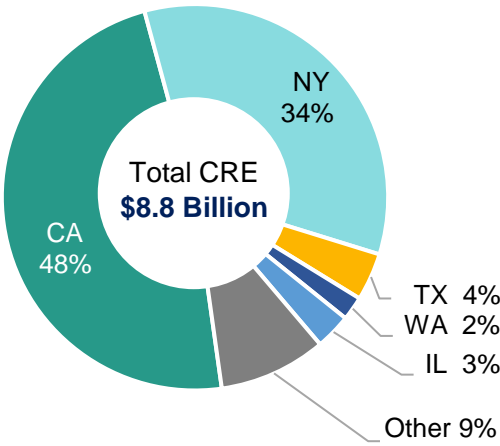


Commercial Real Estate Portfolio

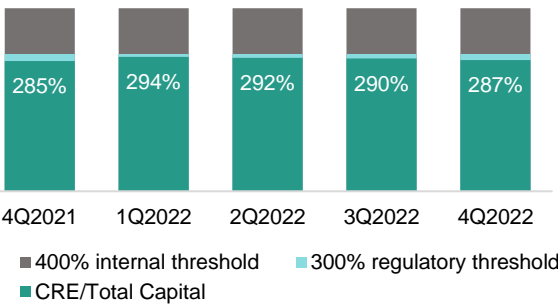


* Residential Mortgage includes equity lines, installment and other loans.

Total CRE Geographic Distribution



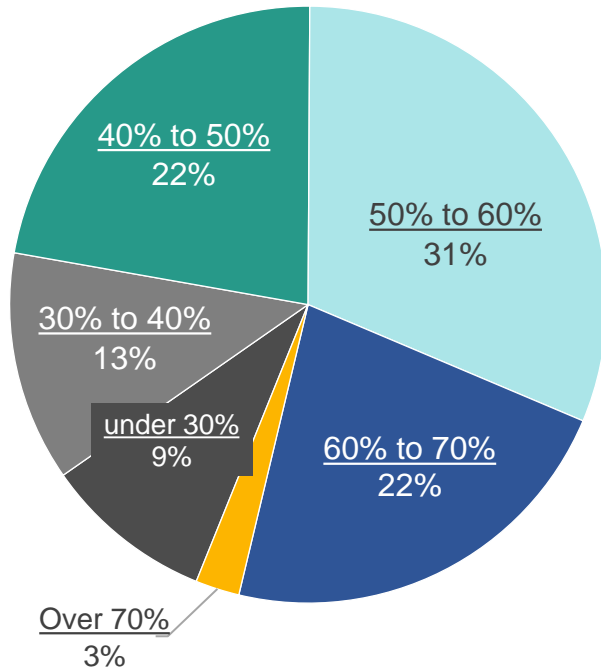
Total CRE Concentration



Commercial Real Estate Portfolio

LTV Distribution of Total CRE \$8.8 Billion

- **\$1.67 mil** avg. outstanding size
- weighted avg. LTV **51%**



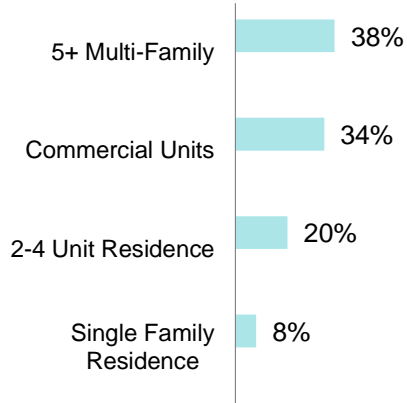
LTV & Size by Property Type

\$ in millions	Total CRE Loan Portfolio	Total CRE Weighted Avg. LTV
Residential	\$ 2,729	54%
Retail	\$ 1,964	50%
Office	\$ 1,422	49%
Warehouse	\$ 1,098	49%
Industrial	\$ 499	50%
Special Use	\$ 464	46%
Hotel / Motel	\$ 322	47%
Restaurant	\$ 167	45%
Land	\$ 108	50%
Theater	\$ 21	63%
Total CRE	\$ 8,794	51%

Selected CRE and Construction Loan Portfolios

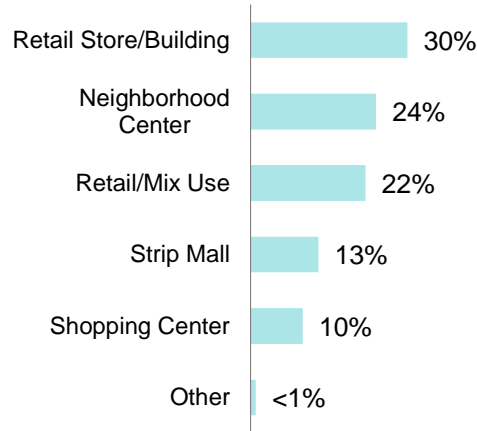
Residential CRE Portfolio

% based on \$2.73 billion loans outstanding



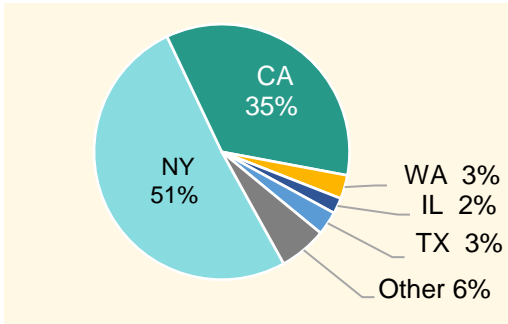
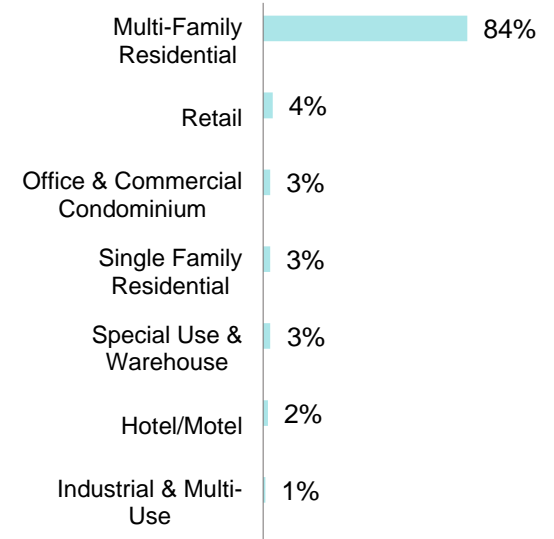
Retail CRE Portfolio

% based on \$1.96 billion loans outstanding

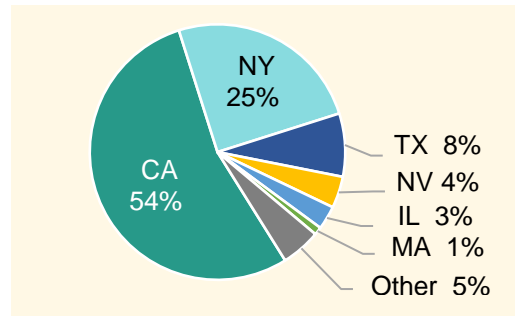


Construction Portfolio

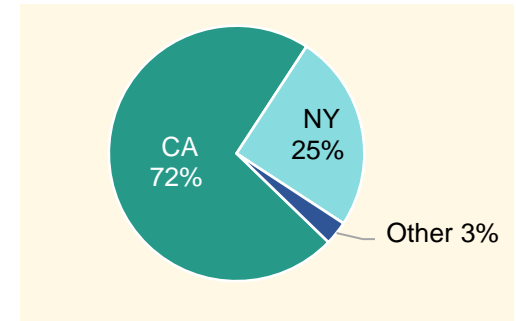
% based on \$559 million loans outstanding



• weighted avg. LTV 54%



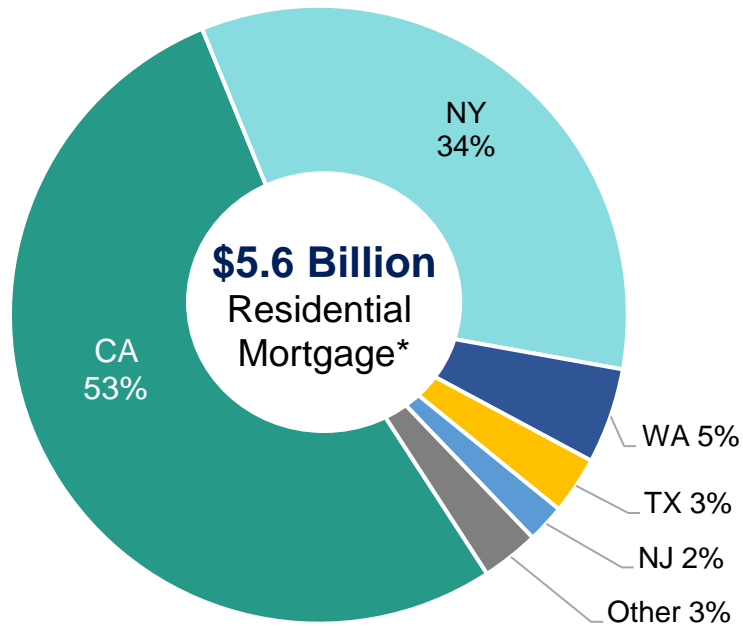
• weighted avg. LTV 50%



• weighted avg. LTV 56%

Residential Mortgage Portfolio

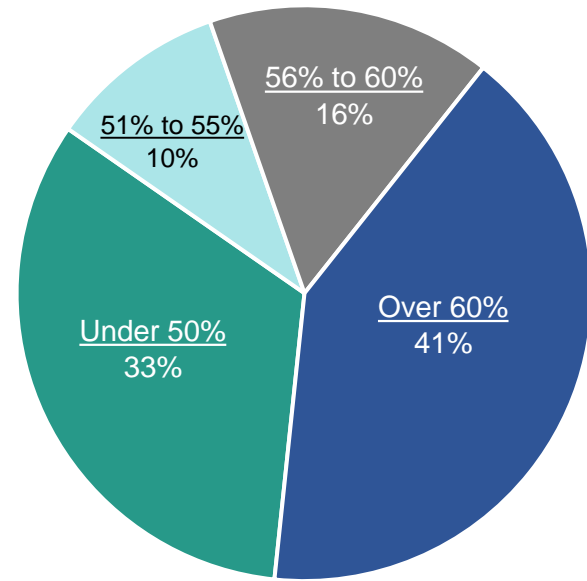
Geographic Distribution of Residential Mortgage



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

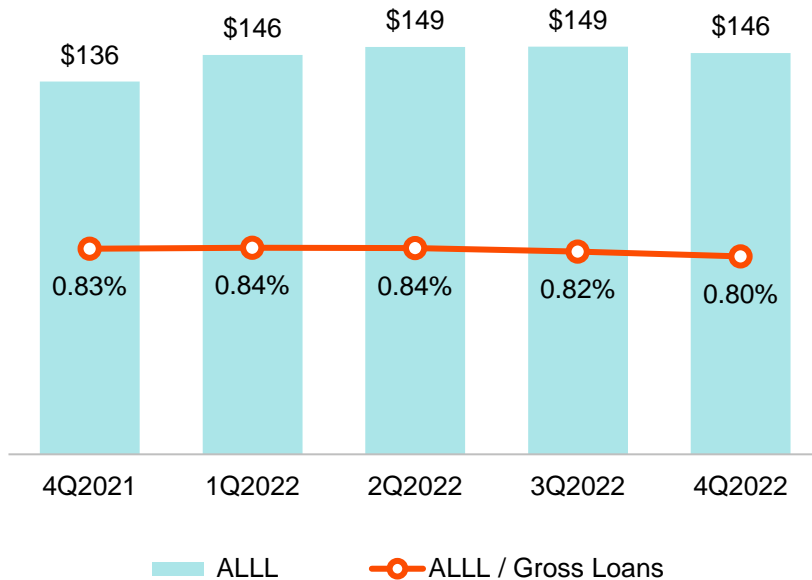
SFR LTV Distribution

- **\$412,319** avg. outstanding size
- weighted avg. LTV **55%**

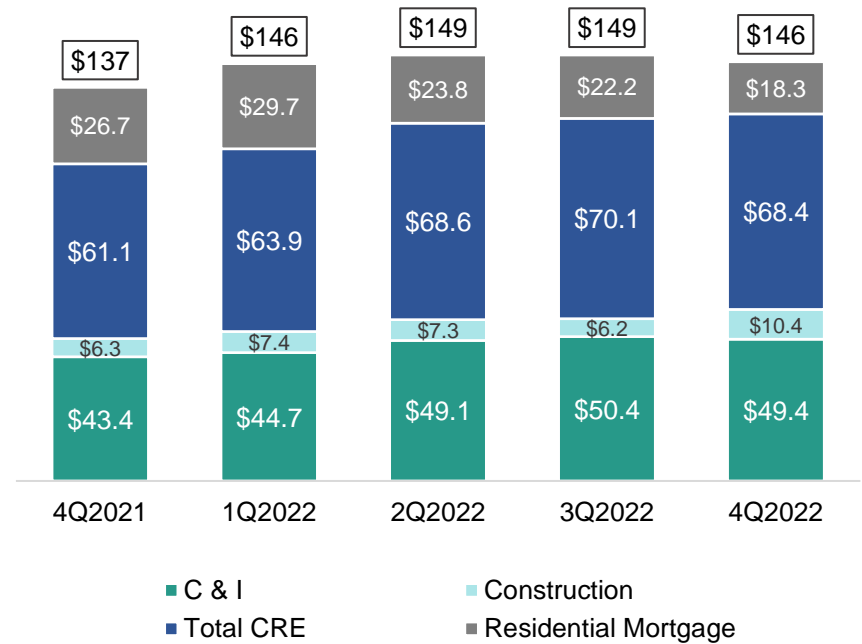


Allowance for Loan and Lease Losses (ALLL)

ALLL Ratio
\$ in millions



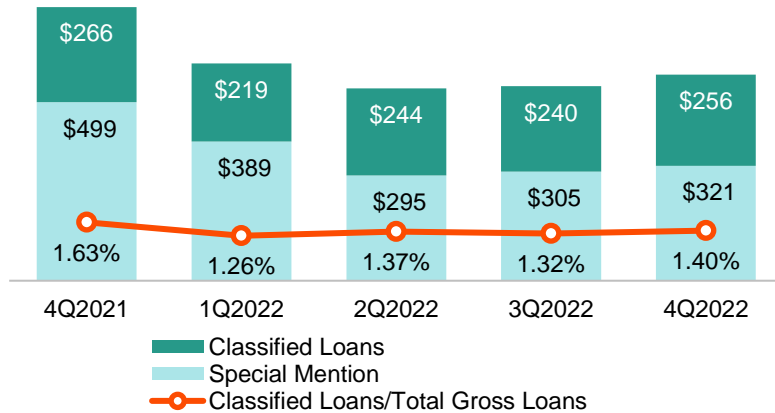
ALLL Composition
\$ in millions



Asset Quality Metrics

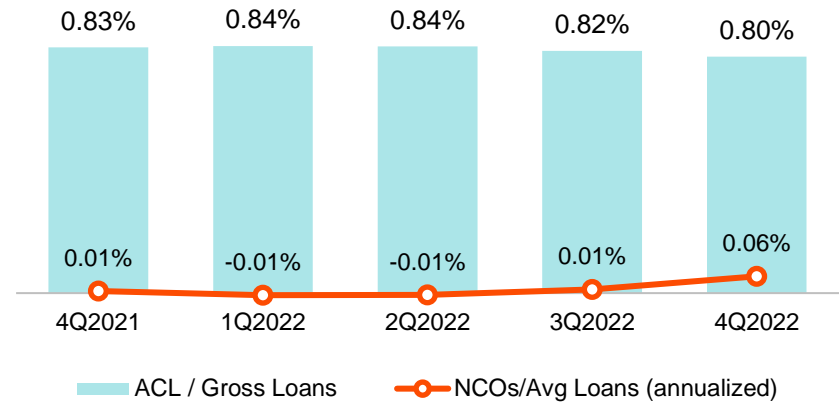
Classified Loans Ratio

\$ in millions



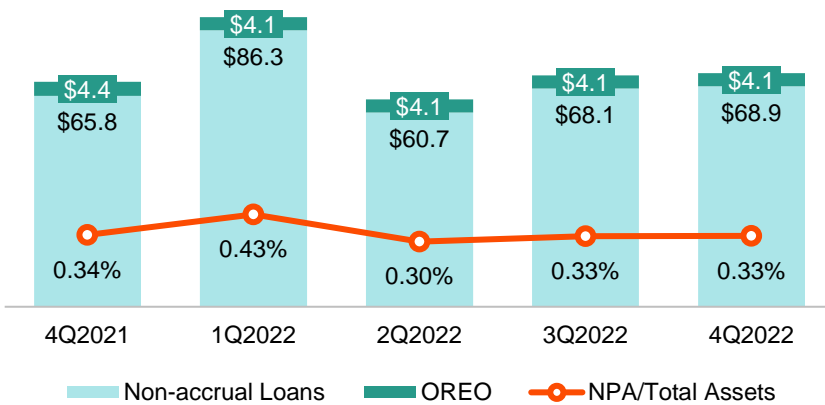
Classified Loans are loans classified as substandard and doubtful.

Reserves and Net Charge-Offs



Non-Performing Assets Ratio

\$ in millions



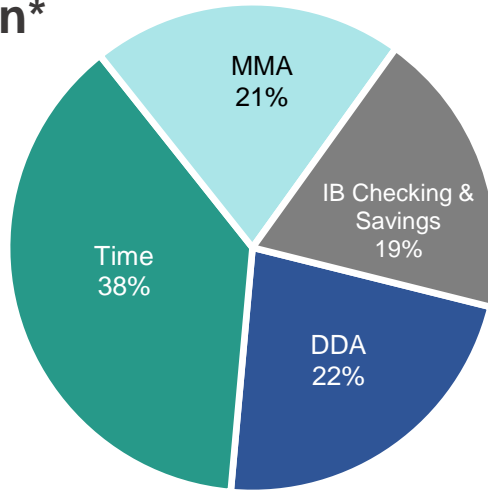
Non-Performing Assets (NPA) = Non-accrual Loans + OREO

- **Allowance coverage of loans HFI:** 0.80% as of 12/31/22 vs. 0.82% as of 9/30/22.
- **Nonaccrual loans/loans HFI:** 0.38% as of 12/31/22 and 9/30/22 vs. 0.40% as of 12/31/21.

Deposit Mix

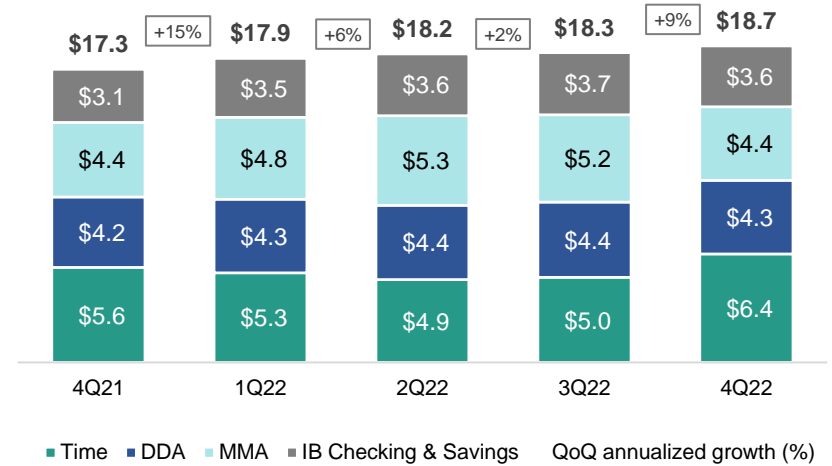
Total Deposits

- **\$18.5 billion***
as of 12.31.22



Average Deposit Growth – QoQ Annualized

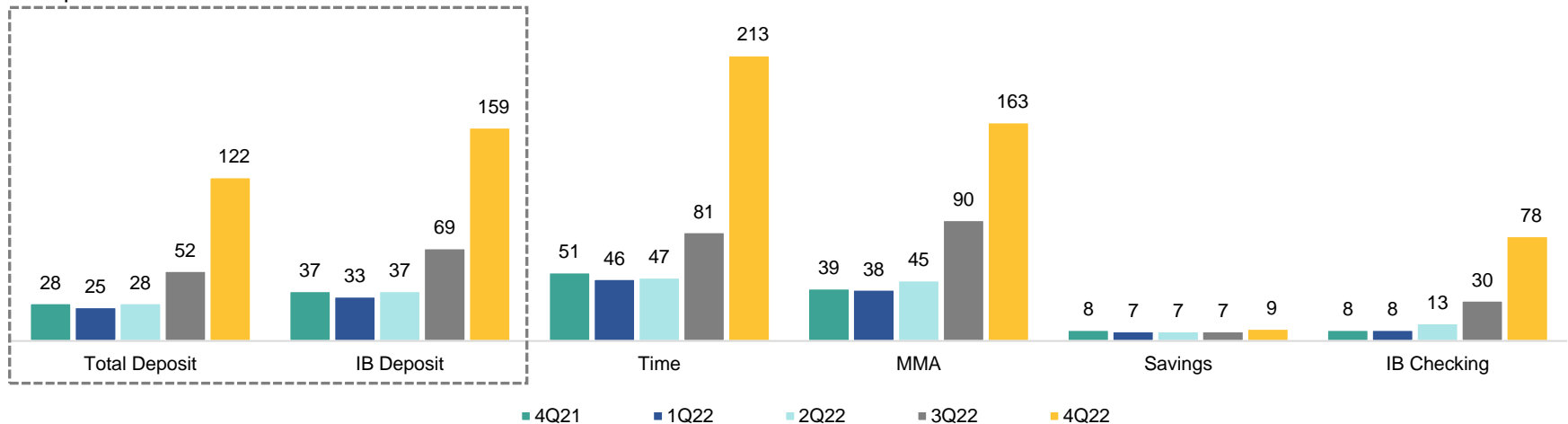
\$ in billions



* 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



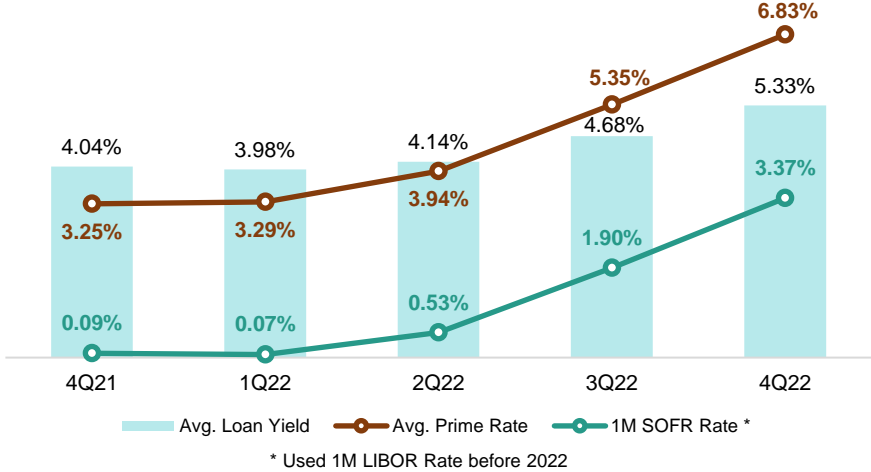
Summary Income Statements

\$ in millions, except per share data	12.31.22	9.30.22	\$ Change	% Change
Net Interest Income	\$ 201.8	\$ 197.5	\$ 4.3	2.2%
Noninterest income	13.1	13.5	(0.5)	(3.6)%
Net (losses) / Gains from equity securities	(1.0)	(3.7)	2.7	(73.6)%
Total Noninterest Income	12.1	9.9	2.2	22.4%
Noninterest expense	65.5	63.2	2.3	3.6%
amortization of tax credit and other investment plus core deposit intangibles	15.8	12.2	3.6	29.2%
Total Noninterest Expense	\$ 81.2	\$ 75.4	\$ 5.8	7.7%
Provision for credit losses	1.4	2.0	(0.6)	(30.0)%
Income tax expense	33.7	31.0	2.7	8.7%
Net Income	\$ 97.6	\$ 99.0	\$ (1.4)	(1.4)%
Diluted EPS	\$ 1.33	\$ 1.35	\$ (0.02)	(1.5)%
Weighted avg. diluted shares (in millions)	73.5	73.4	0.0	0.0%

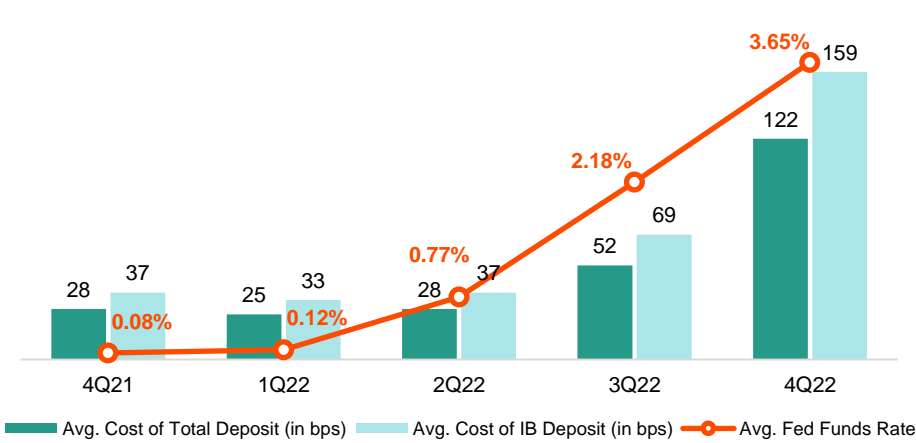
Note: Information for quarter ending 12.31.22 and 9.30.22 is unaudited.

Loan Yields, Deposit Costs and Net Interest Margins

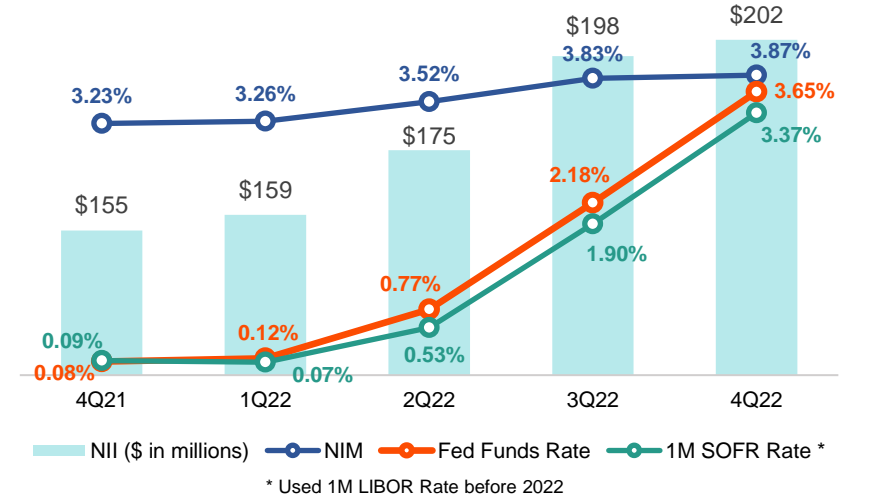
Average Loan Yield vs Prime Rate and 1M SOFR



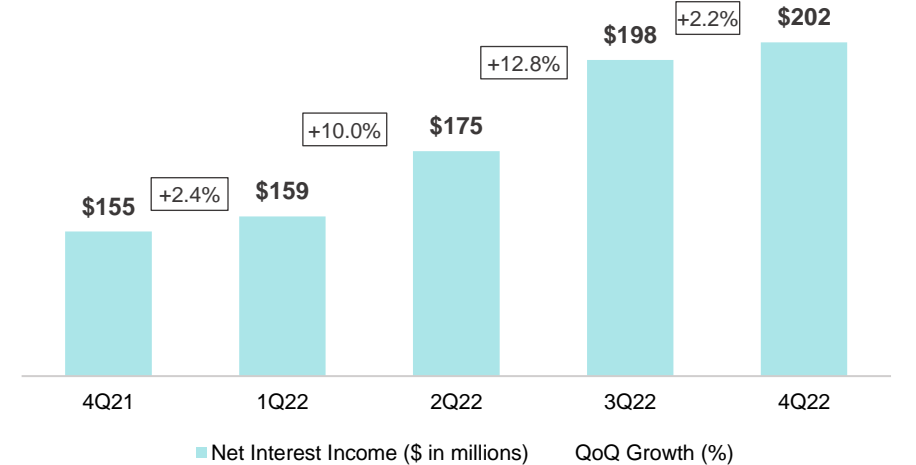
Average Cost of Deposits vs Fed Funds Rate



Net Interest Income and Net Interest Margin

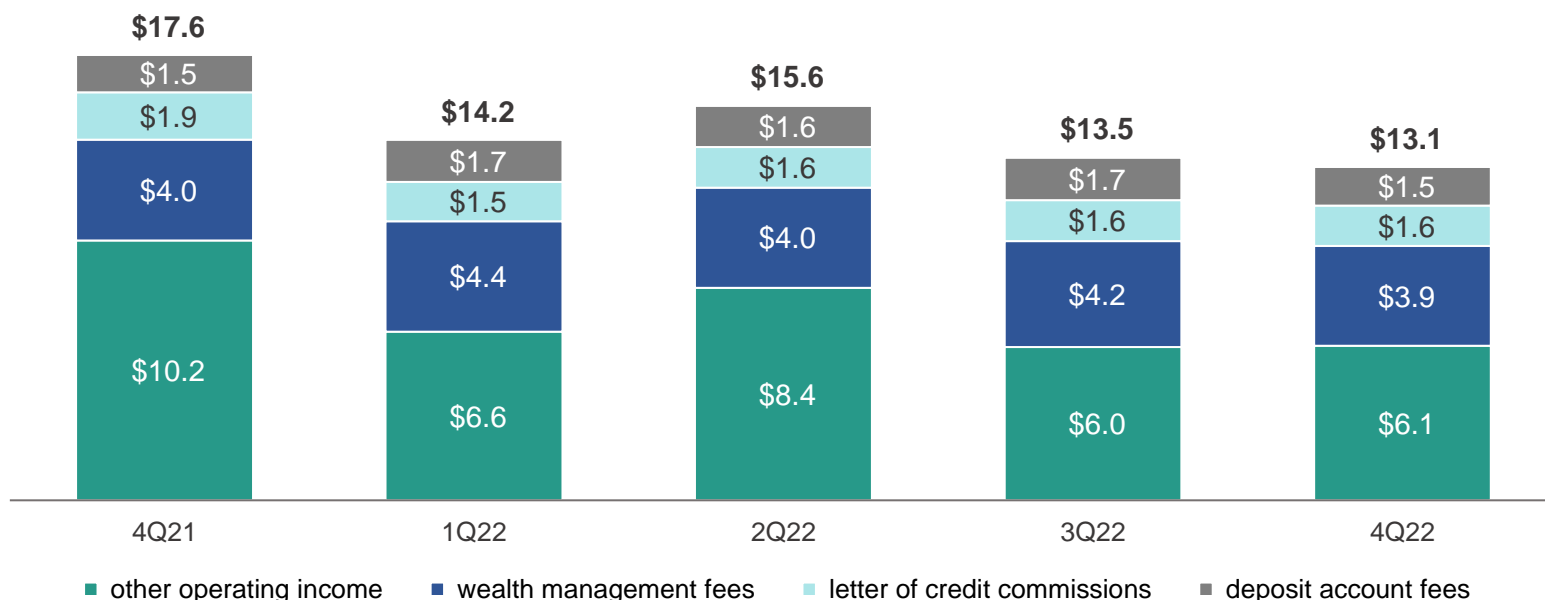


Net Interest Income Growth



Non-Interest Income

Non-Interest Income*
\$ in millions



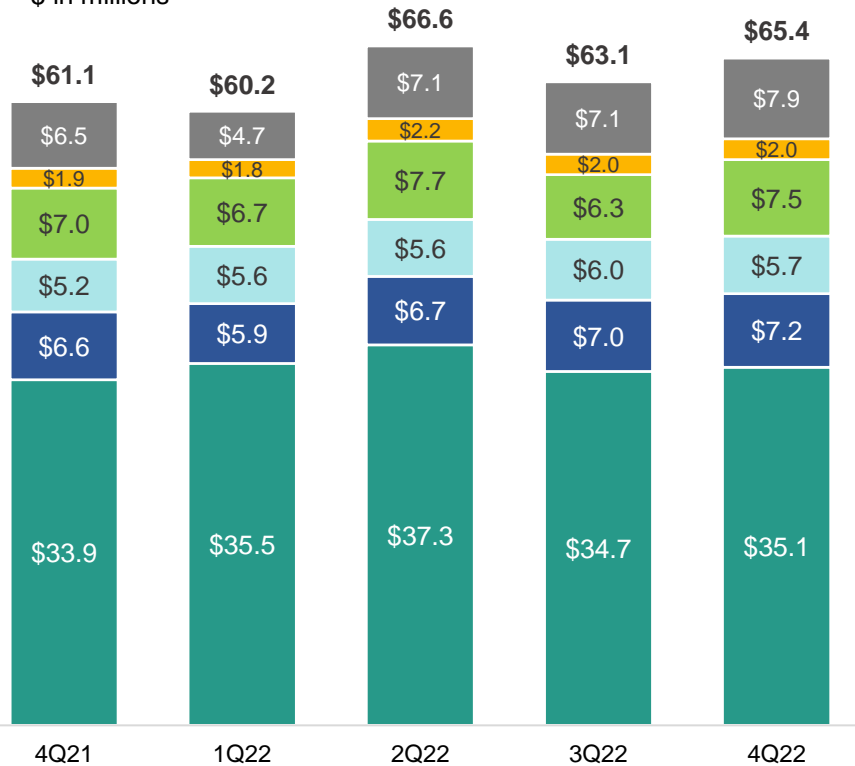
* Non-interest income excludes net gains/(losses) from equity securities.

(\$ in millions)	4Q2021	1Q2022	2Q2022	3Q2022	4Q2022
Non-interest income, before net gains/(losses) from equity securities					
Non-interest income*	\$17.6	\$14.2	\$15.6	\$13.5	\$13.1
net gains/(losses) from equity securities	\$2.2	\$6.0	(\$1.0)	(\$3.7)	(\$1.0)
Total Non-interest Income	\$19.8	\$20.2	\$14.6	\$9.9	\$12.1

Operating Expense & Efficiency

Core Noninterest Expense*

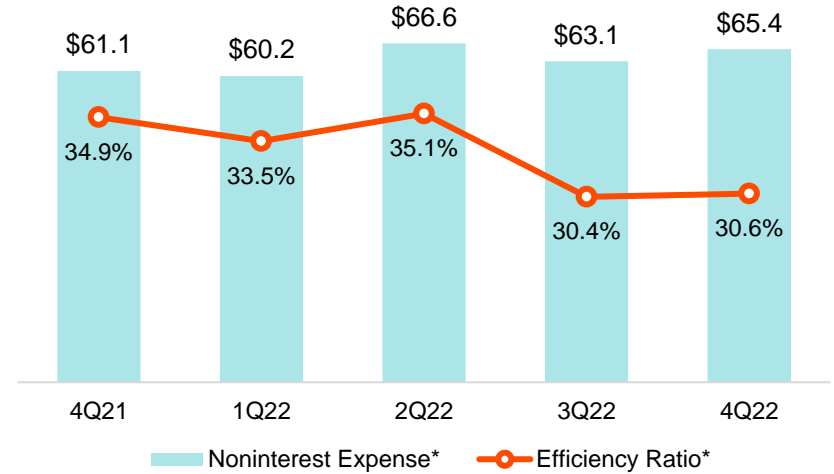
\$ in millions



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

Core Noninterest Expense* & Efficiency Ratio*

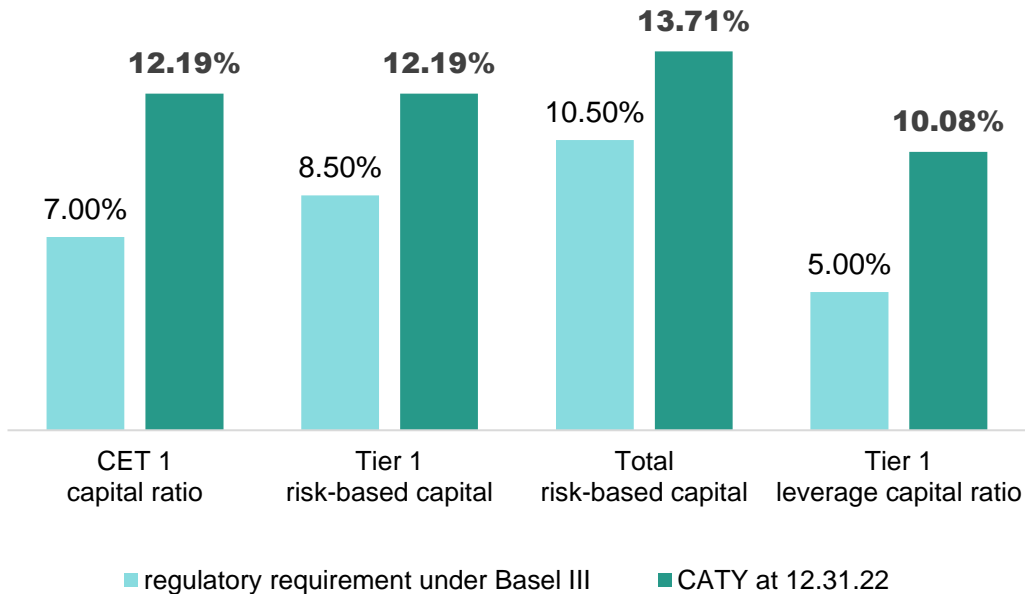
\$ in millions



(\$ in millions)	4Q2021	1Q2022	2Q2022	3Q2022	4Q2022
Core noninterest expense, before amortization and other real estate owned					
Core noninterest expense*	\$61.1	\$60.2	\$66.6	\$63.1	\$65.4
Amortization in investment in low income housing	\$8.5	\$7.7	\$7.1	\$9.9	\$11.1
Amortization in alternative energy partnerships	\$2.3	\$0.6	\$0.2	\$2.0	\$3.5
Other real estate owned & CDF	\$0.3	\$0.3	\$0.2	\$0.3	\$1.2
Acquisition cost	\$0.9	\$3.9	\$0.1	\$0.1	\$0.0
Total Noninterest Expense	\$73.2	\$72.7	\$74.1	\$75.4	\$81.2

* 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** \$34.01 as of 12.31.22: +3.19% compared to 9.30.22 and +5.33% YoY.
- **Tangible Book Value* Per Common Share is** \$28.77 as of 12.31.22: +3.68% compared to 9.30.22 and +5.31% YoY.
- **Capital Return on Shareholder**
 - common stock dividend: \$0.34/share quarterly, or \$1.36/share annualized.
 - stock buyback: purchased 693,000 shares at avg. cost of \$45.52/sh. in fourth quarter.

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

Management Guidance Full Year 2023

	Full Year 2023 Guidance Compared with 2022 Actual	Full Year 2022 Actual
Loans, end of period	<ul style="list-style-type: none"> Estimated growth rate 3% to 5% 	\$18.3 billion +11.7% YoY
Deposits	<ul style="list-style-type: none"> Estimated growth rate 3% to 5% 	\$18.5 billion +2.5% YoY
Core Noninterest Expense	<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 3.75% and 3.85% 	3.63%
Tax Rate	<ul style="list-style-type: none"> Effective tax rate for 2023 estimated between 17.5% and 18.5%. Solar amortization estimated to be \$10 million for each of the first three quarters or 2023. 	<ul style="list-style-type: none"> Effective tax rate for the full year was 23.68%. Solar amortization year to date 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>December 31, 2022</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Stockholders' equity	(a)	\$ 2,474,040	\$ 2,419,559	\$ 2,446,251
Less: Goodwill		(375,696)	(375,696)	(372,189)
Other intangible assets ⁽¹⁾		(5,757)	(6,948)	(4,627)
Tangible equity	(b)	<u>\$ 2,092,587</u>	<u>\$ 2,036,915</u>	<u>\$ 2,069,435</u>
Total assets	(c)	\$ 21,985,753	\$ 21,890,131	\$ 20,886,723
Less: Goodwill		(375,696)	(375,696)	(372,189)
Other intangible assets ⁽¹⁾		(5,757)	(6,948)	(4,627)
Tangible assets	(d)	<u>\$ 21,604,300</u>	<u>\$ 21,507,487</u>	<u>\$ 20,509,907</u>
Number of common shares outstanding	(e)	72,742,151	73,411,960	75,750,862
Total stockholders' equity to total assets ratio	(a)/(c)	11.25%	11.05%	11.71%
Tangible equity to tangible assets ratio	(b)/(d)	9.69%	9.47%	10.09%
Tangible book value per share	(b)/(e) \$	28.77	\$ 27.75	\$ 27.32

		<u>Three Months Ended</u>			<u>Twelve Months Ended</u>	
		<u>December 31, 2022</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Net Income		\$ 97,601	\$ 99,035	\$ 75,325	\$ 360,642	\$ 298,304
Add: Amortization of other intangibles		1,191	250	203	2,007	828
Tax effect of amortization adjustments ⁽²⁾		(353)	(74)	(60)	(595)	(246)
Tangible net income	(f)	<u>\$ 98,439</u>	<u>\$ 99,211</u>	<u>\$ 75,468</u>	<u>\$ 362,054</u>	<u>\$ 298,886</u>
Return on tangible common equity ⁽³⁾	(f)/(b)	18.82%	19.48%	14.59%	17.30%	14.44%

⁽¹⁾ Includes core deposit intangibles and mortgage servicing

⁽²⁾ Applied the statutory rate of 29.65%.

⁽³⁾ Annualized



**Cathay General
Bancorp**