

# Financial Earnings Results.



**Second Quarter 2021**

July 26, 2021

# Forward Looking Statements

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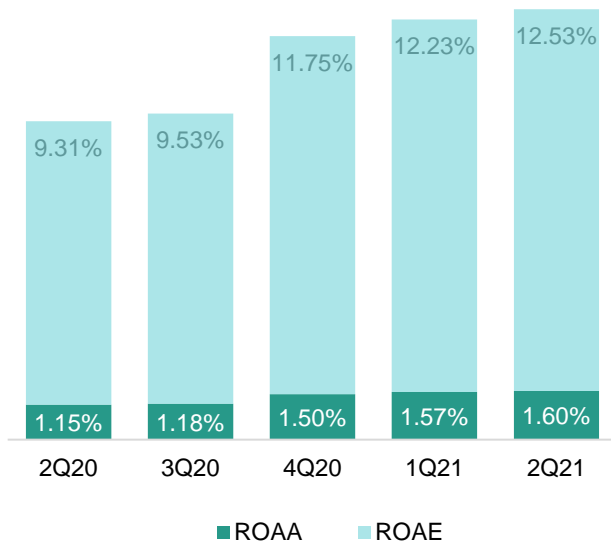
This presentation contains forward-looking statements about Cathay General Bancorp and its subsidiaries (collectively referred to herein as the “Company,” “we,” “us,” or “our”) within the meaning of the applicable provisions of the Private Securities Litigation Reform Act of 1995. We intend such forward-looking 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, 2020 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.

The information in this presentation may include financial information determined by methods other than in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Our management uses these non-GAAP measures in its analysis of the Company’s performance. We believe that the presentation of certain non-GAAP measures provides useful supplemental information that is essential to a proper understanding of the operating results of our businesses. These non-GAAP disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies.

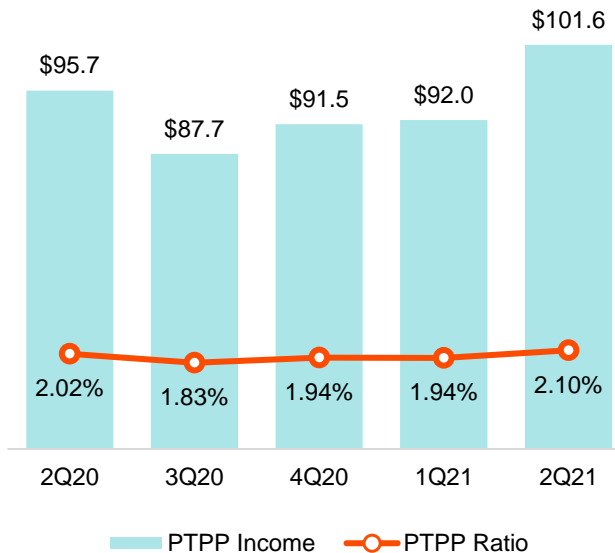
# Financial Highlights 2Q 2021

## Profitability: Return on Assets & Equity



## Pre-Tax Pre-Provision Income Ratio

\$ in millions



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

2Q ending  
June 30, 2021

## Net Income

- \$77.2 million

## Diluted EPS

- \$0.97

## Total Revenue

- \$160.6 million

## Total Loans

- \$15.7 billion

## Total Deposits

- \$16.5 billion

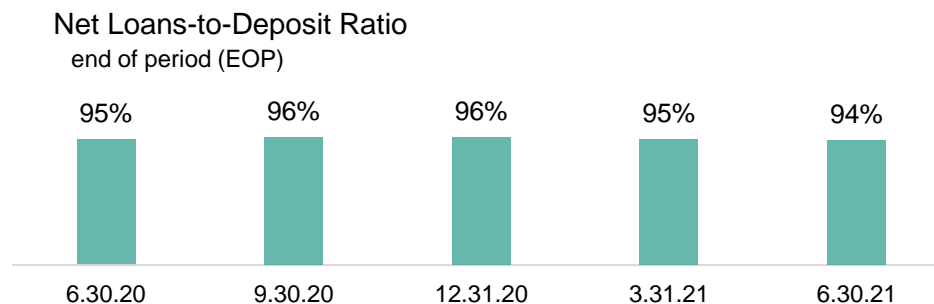
## Efficiency Ratio

- 43.41%

# Summary Balance Sheets

\$ in millions, except per share data	6.30.21	3.31.21	QoQ Change
Cash equivalents & ST investments	\$ 1,723	\$ 1,754	\$ (31)
AFS debt securities	1,002	909	93
Gross loans, net of discounts	\$ 15,684	\$ 15,645	\$ 39
Allowance for credit losses	(131)	(147)	16
<b>Net Loans</b>	<b>\$ 15,553</b>	<b>\$ 15,498</b>	<b>\$ 55</b>
Other assets	1,070	1,069	1
<b>Total Assets</b>	<b>\$ 19,348</b>	<b>\$ 19,230</b>	<b>\$ 118</b>
Customer deposits	\$ 16,538	\$ 16,354	184
FHLB borrowings	20	75	(55)
Debt	142	142	-
Other Liabilities	196	196	-
<b>Total Liabilities</b>	<b>\$ 16,896</b>	<b>\$ 16,767</b>	<b>\$ 129</b>
<b>Total Stockholders' Equity</b>	<b>\$ 2,452</b>	<b>\$ 2,463</b>	<b>\$ (11)</b>

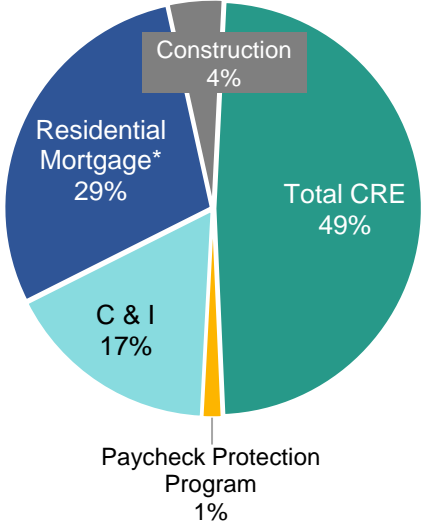
Note: Information as of 6.30.21 and 3.31.21 are unaudited.



# 2Q 2021 Loan Composition

## Total Loan Portfolio

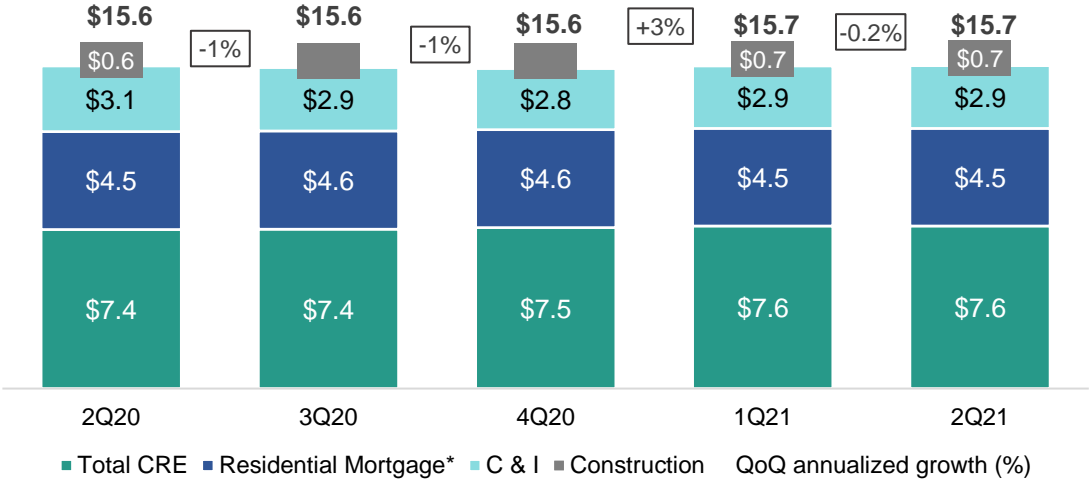
• **\$15.7 billion**  
as of 6.30.21



- Total CRE \$7.6 billion
- Residential Mortgage \$4.5 billion
- C&I Loans \$2.6 billion
- Paycheck Protection Program \$239 million
- Construction Loans \$664 million

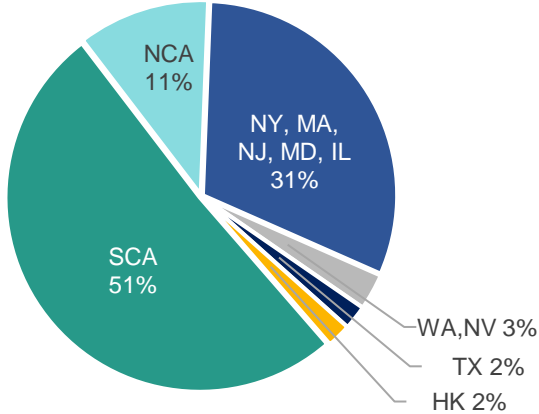
## Average Loan Growth – QoQ Annualized

\$ in billions

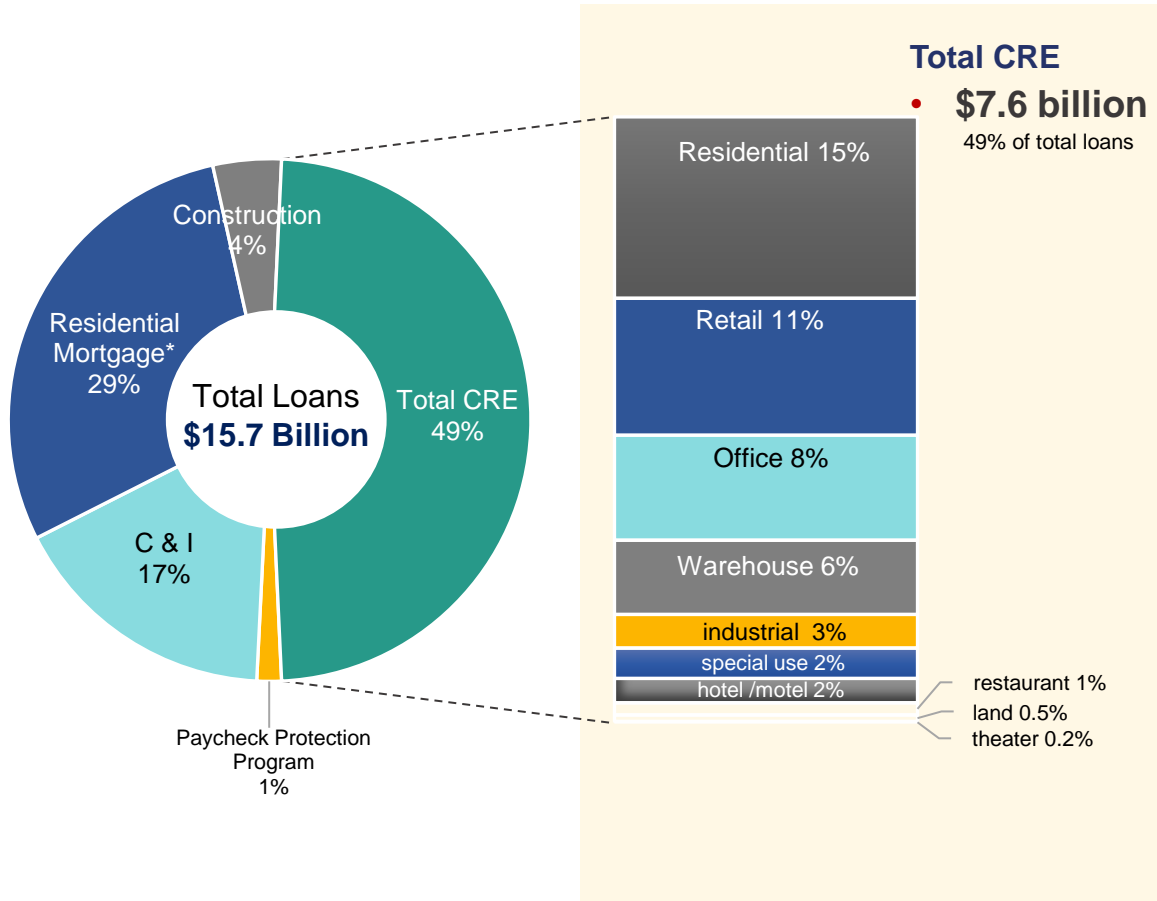


\* Residential Mortgage includes equity lines, installment and other loans.

## Total Loans by Region

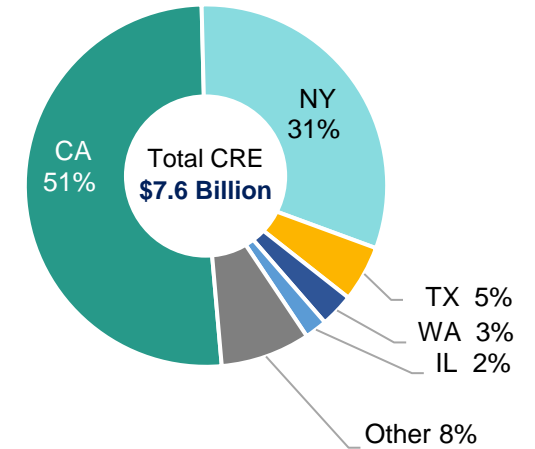


# 2Q 2021: Commercial Real Estate Portfolio

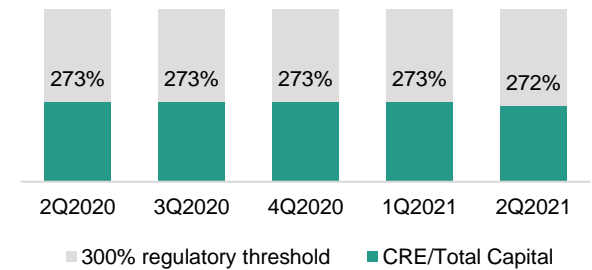


\* Residential Mortgage includes equity lines, installment and other loans.

Total CRE Geographic Distribution



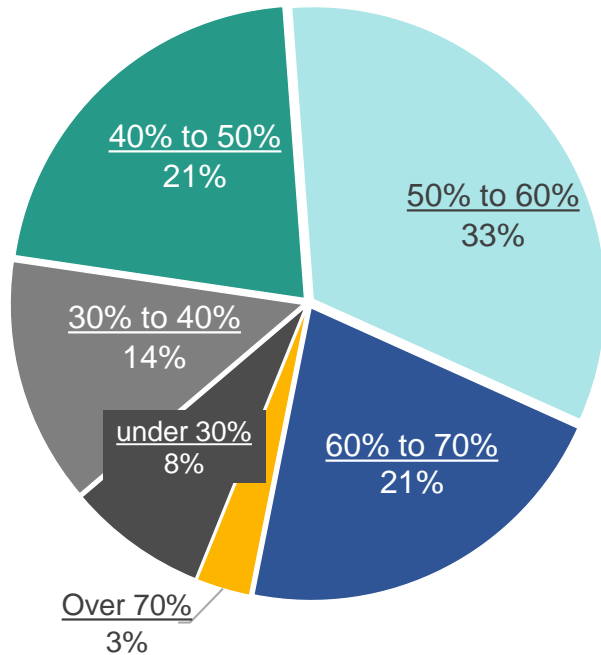
Total CRE Concentration



# 2Q 2021: Commercial Real Estate Portfolio

## LTV Distribution of Total CRE \$7.6 Billion

- **\$1.52 mil** avg. outstanding size
- weighted avg. LTV **51%**



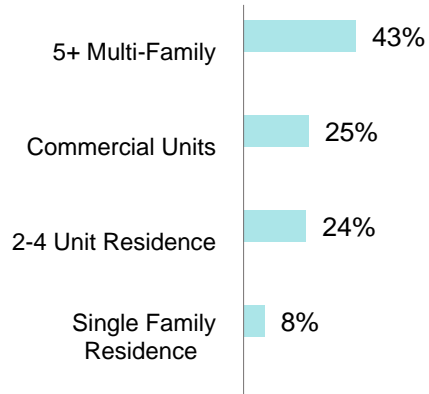
## LTV & Size by Property Type

\$ in millions	Total CRE Loan Portfolio	Total CRE Weighted Avg. LTV
Residential	\$ 2,280	53%
Retail	\$ 1,718	50%
Office	\$ 1,321	49%
Warehouse	\$ 933	50%
Industrial	\$ 422	51%
Special Use	\$ 379	48%
Hotel / Motel	\$ 307	48%
Restaurant	\$ 153	47%
Land	\$ 77	45%
Theater	\$ 25	74%
<b>Total CRE</b>	<b>\$ 7,615</b>	<b>51%</b>

# Selected CRE and Construction Loan Portfolios

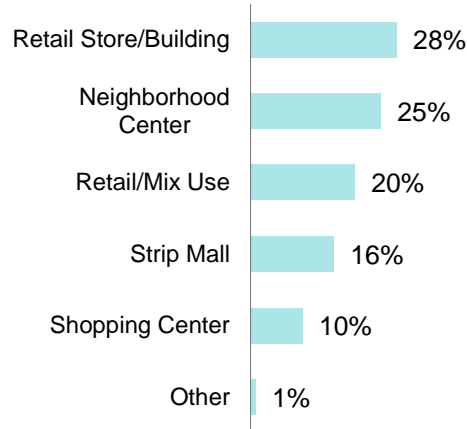
## Residential CRE Portfolio

% based on \$2.28 billion loans outstanding



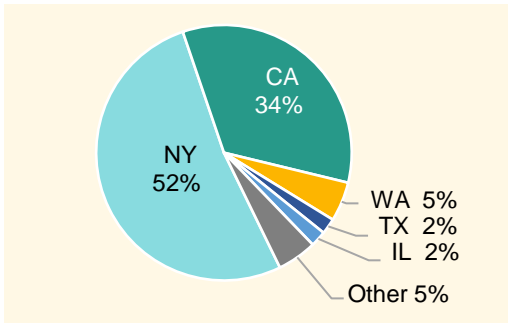
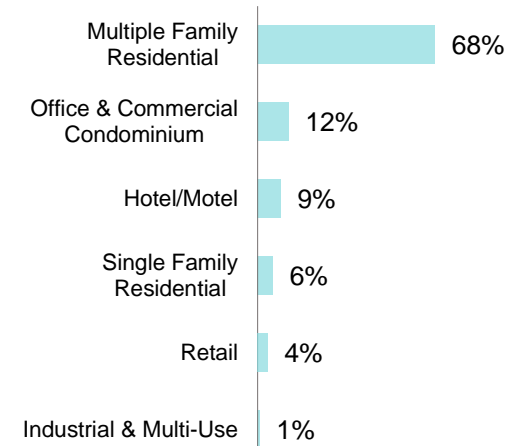
## Retail CRE Portfolio

% based on \$1.72 billion loans outstanding

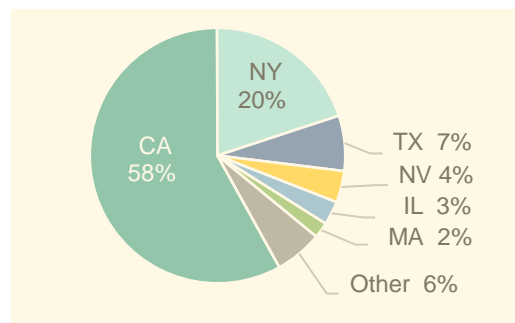


## Construction Portfolio

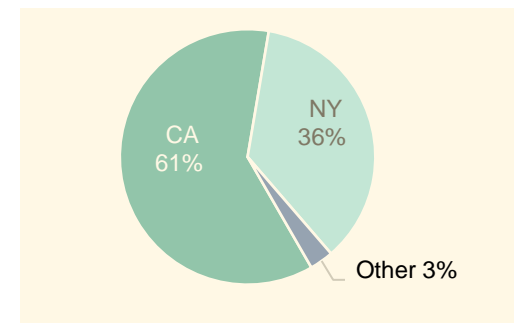
% based on \$664 million loans outstanding



• weighted avg. LTV 53%



• weighted avg. LTV 50%

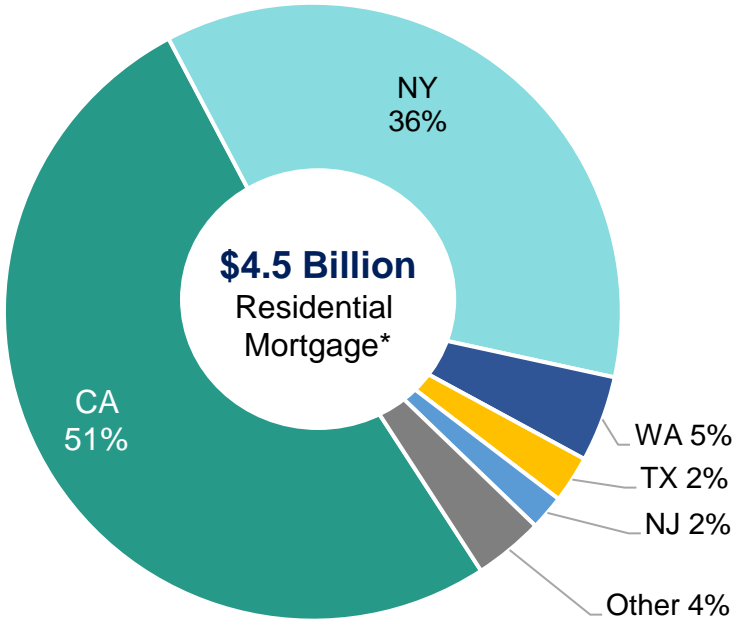


• weighted avg. LTV 53%



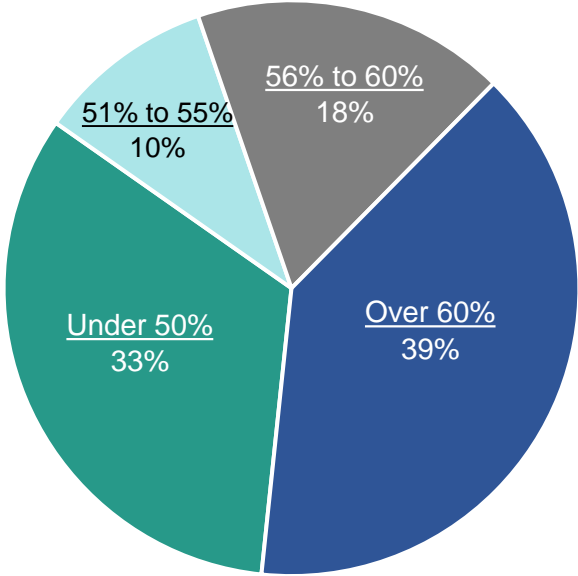
# 2Q 2021: Residential Mortgage Portfolio

Geographic Distribution of Residential Mortgage



SFR LTV Distribution

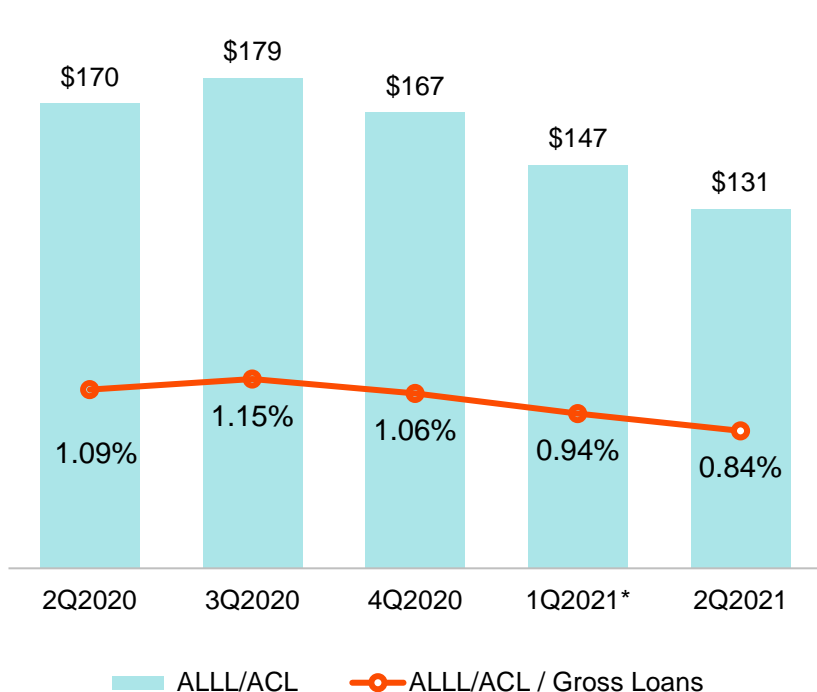
- **\$361,908** avg. outstanding size
- weighted avg. LTV **55%**



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

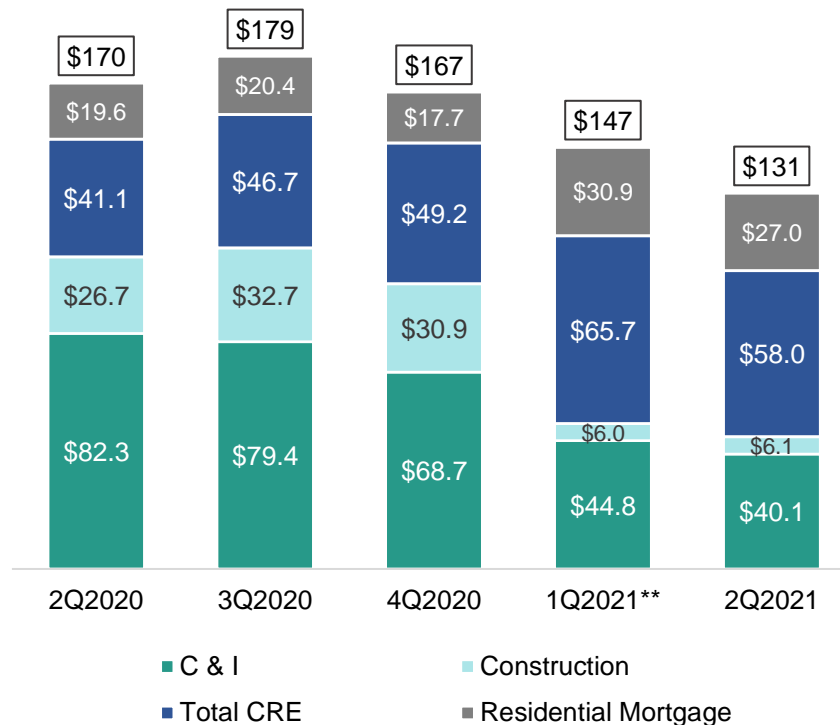
# Allowance for Loan and Lease Losses (ALLL) / Allowance for Credit Losses (ACL)\*

ALLL / ACL Ratio  
\$ in millions



\* CECL adoption as of January 1, 2021. Day 1 CECL ACL adjustment was \$(1.6 million).

ALLL / ACL Composition  
\$ in millions

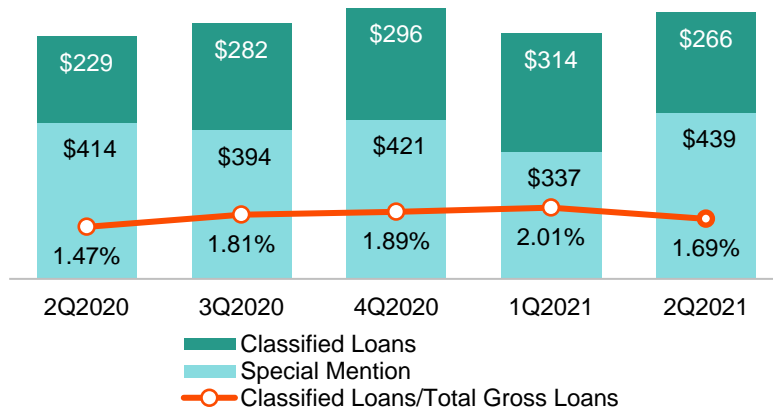


\*\* ACL Composition based on CECL allocation.

# Asset Quality Metrics

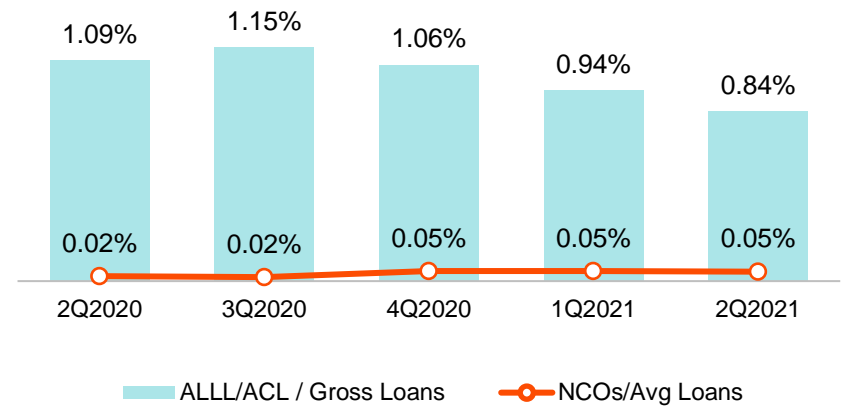
## Classified Loans Ratio

\$ in millions



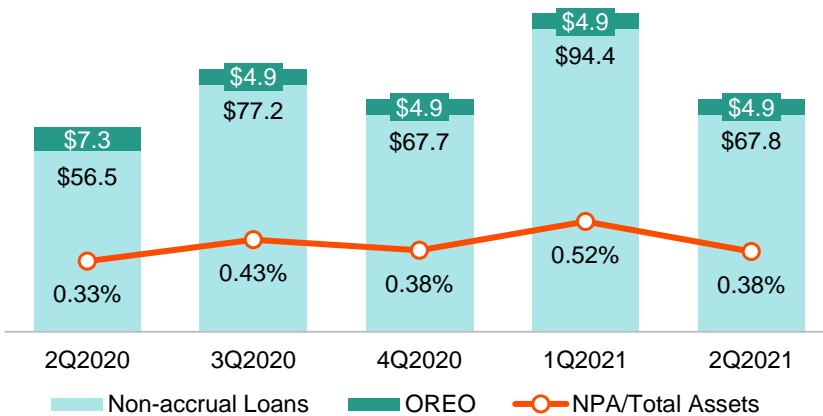
Classified Loans are loans classified as substandard and doubtful.

## Reserves and Net Charge-Offs



## Non-Performing Assets Ratio

\$ in millions



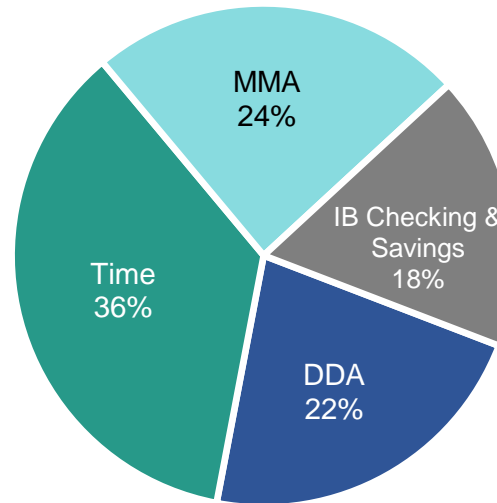
Non-Performing Assets (NPA) = Non-accrual Loans + OREO

- **Allowance coverage of loans HFI:** 0.84% as of 6/30/21 compared to 0.94% as of 3/31/21.
- **Nonaccrual loans/loans HFI:** 0.43% as of 6/30/21 vs. 0.60% as of 3/31/21 vs. 0.36% as of 6/30/20.
- **Oil & Gas Lending:**
  - › Portfolio: 0.7% of gross loan, or \$113 million, as of 6/30/21; 68% crude oil, 23% natural gas, and 9% pipeline/midstream.
  - › As of 6/30/21, there were no classified loans under the oil and gas portfolio.

# Deposit Mix

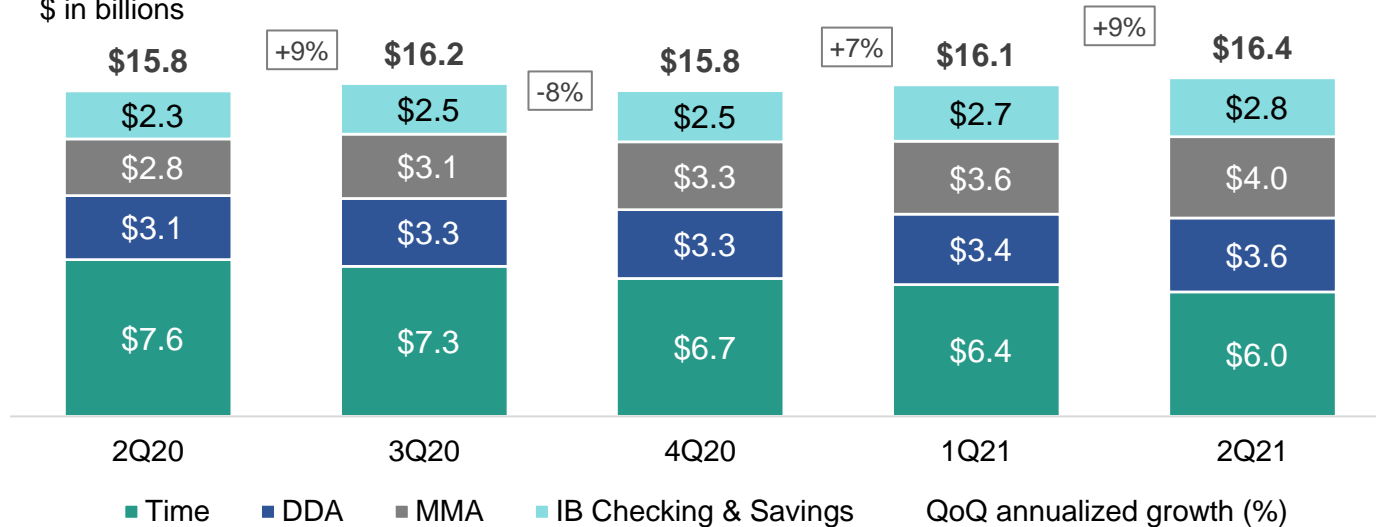
## Total Deposit

• **\$16.5 billion**  
as of 6.30.21



## Average Deposit Growth – QoQ Annualized

\$ in billions



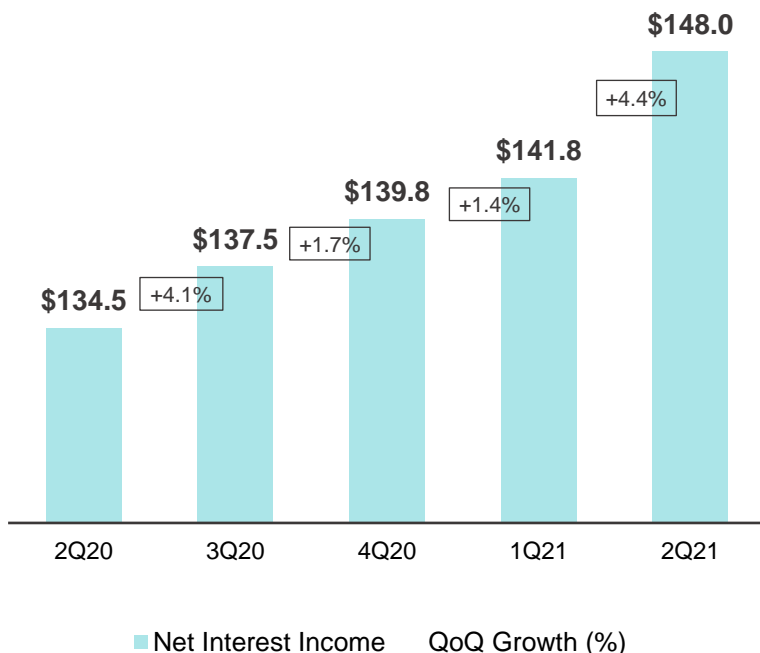
# Summary Income Statements

\$ in millions, except per share data	6.30.21	3.31.21	\$ Change	% Change
<b>Net Interest Income</b>	\$ 148.0	\$ 141.8	\$ 6.2	4.4%
Noninterest income	13.5	12.8	0.7	5.5%
Net (losses) / Gains from equity securities	(0.9)	(2.8)	1.9	(67.9)%
<b>Total Noninterest Income</b>	<b>12.6</b>	<b>10.0</b>	<b>2.6</b>	<b>26.0%</b>
Noninterest expense	59.0	59.8	(0.8)	(1.3)%
amortization of tax credit and other investment plus core deposit tangibles	10.7	11.6	(0.9)	(7.8)%
<b>Total Noninterest Expense</b>	<b>\$ 69.7</b>	<b>\$ 71.4</b>	<b>\$ (1.7)</b>	<b>(2.4)%</b>
Provision for credit losses	(9.0)	(13.6)	4.6	(33.8)%
Income tax expense	22.7	20.6	2.1	10.2%
<b>Net Income</b>	<b>\$ 77.2</b>	<b>\$ 73.4</b>	<b>\$ 3.8</b>	<b>5.2%</b>
<b>Diluted EPS</b>	<b>\$ 0.97</b>	<b>\$ 0.92</b>	<b>\$ 0.05</b>	<b>5.4%</b>
Weighted avg. diluted shares (in millions)	79.4	79.8	(0.4)	(0.5)%

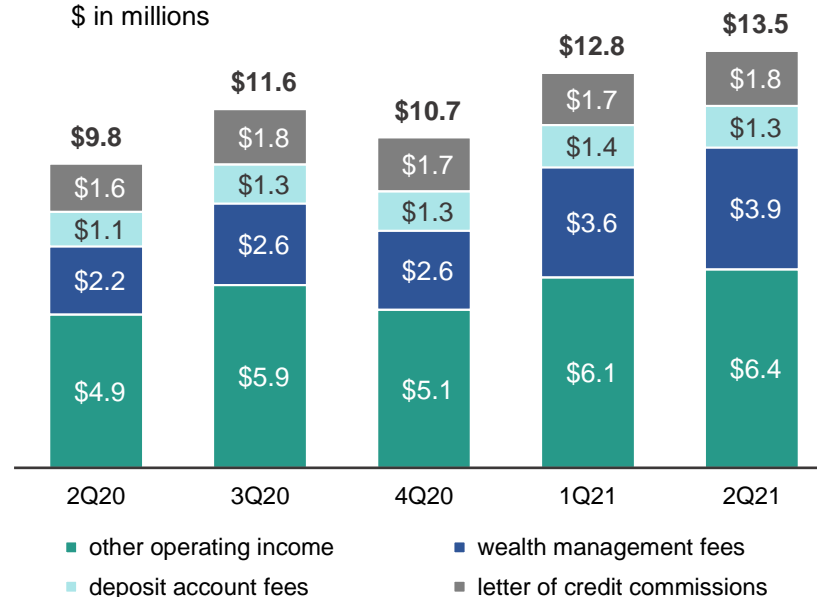
Note: Information for quarter ending 6.30.21 and 3.31.21 are unaudited.

# Net Interest Income & Non-interest Income

Net Interest Income  
\$ in millions



Non-Interest Income\*  
\$ in millions



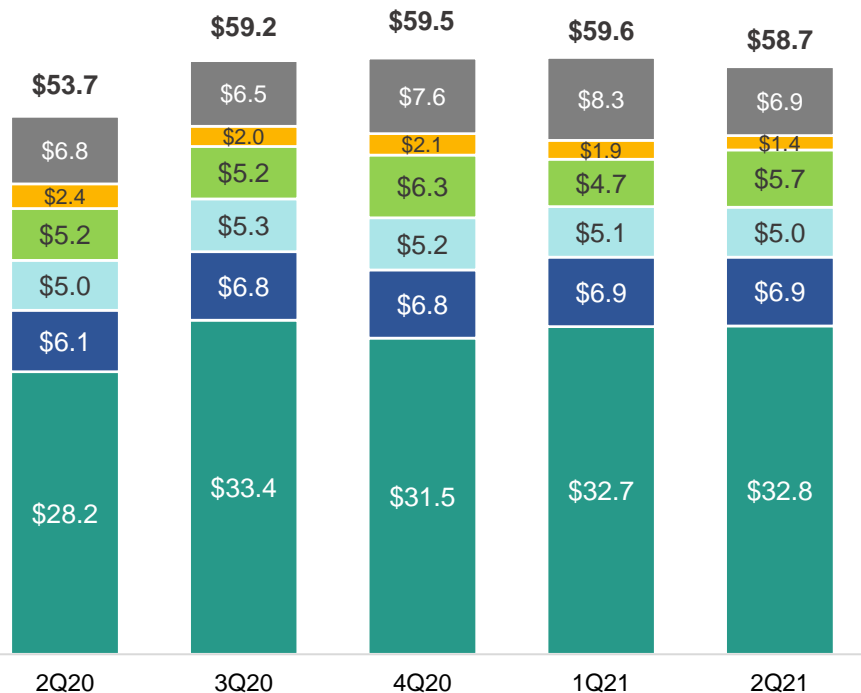
\* Non-interest income excludes net gains/(losses) from equity securities.

(\$ in millions)	2Q2020	3Q2020	4Q2020	1Q2021	2Q2021
<b>Non-interest income, before net gains/(losses) from equity securities</b>					
Non-interest income*	\$9.8	\$11.6	\$10.7	\$12.8	\$13.5
net gains/(losses) from equity securities	\$5.8	(\$1.6)	\$0.8	(\$2.8)	(\$0.9)
<b>Total Non-interest Income</b>	<b>\$15.6</b>	<b>\$10.0</b>	<b>\$11.5</b>	<b>\$10.0</b>	<b>\$12.6</b>

# Operating Expense & Efficiency

## Core Noninterest Expense\*

\$ in millions

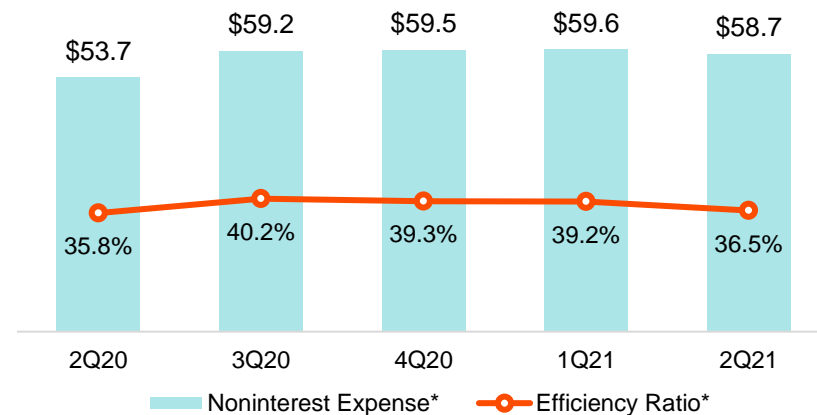


- salaries and employee benefits
- computer and data processing
- occupancy
- professional services
- FDIC and State assessments
- other operating expense

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

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

\$ in millions



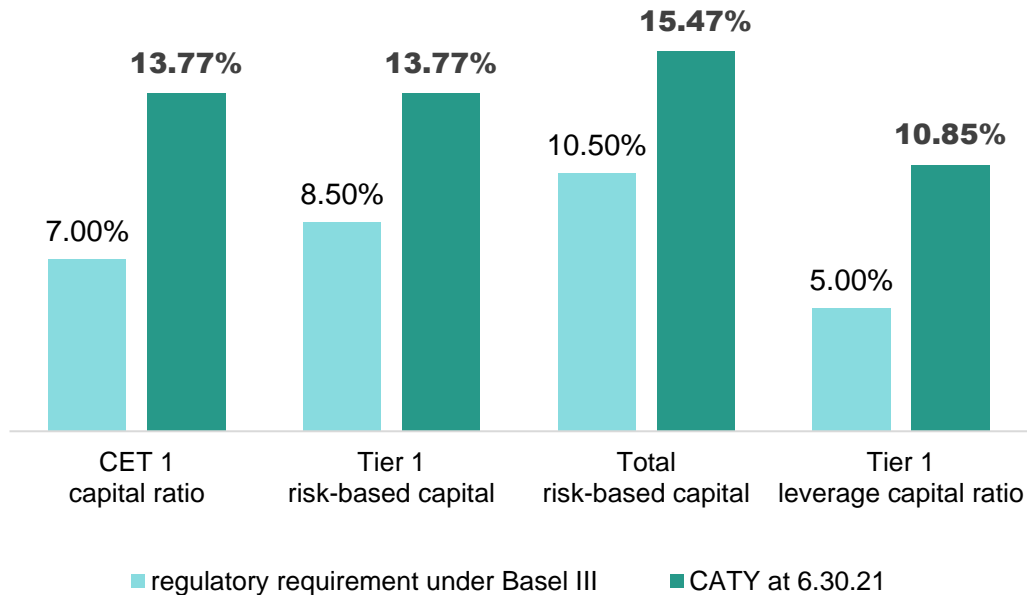
(\$ in millions)

2Q2020 3Q2020 4Q2020 1Q2021 2Q2021

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

Core noninterest expense*	\$53.7	\$59.2	\$59.5	\$59.6	\$58.7
Amortization in investment in low income housing	\$6.3	\$5.3	\$6.6	\$6.6	\$6.8
Amortization in alternative energy partnerships	\$6.7	\$10.9	\$8.6	\$5.0	\$3.8
Other real estate owned & CDF	\$0.6	\$0.6	\$0.3	\$0.2	\$0.4
<b>Total Noninterest Expense</b>	<b>\$67.3</b>	<b>\$76.0</b>	<b>\$75.0</b>	<b>\$71.4</b>	<b>\$69.7</b>

# 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 \$31.38 as of 6.30.21: +3.2% compared to 3.31.21 and +6.7% YoY.
- **Capital Return on Shareholder**
  - common stock dividend: \$0.31/share quarterly, or \$1.24/share annualized.
  - in April 2021, the Company adopted a new \$75 million share repurchase program.
  - stock buyback: purchased 1,532,406 shares at avg. cost of \$41.46/sh. in second quarter.





**Cathay General  
Bancorp**