

# Financial Earnings Results



**First Quarter 2024**

April 22, 2024

# Forward Looking Statements

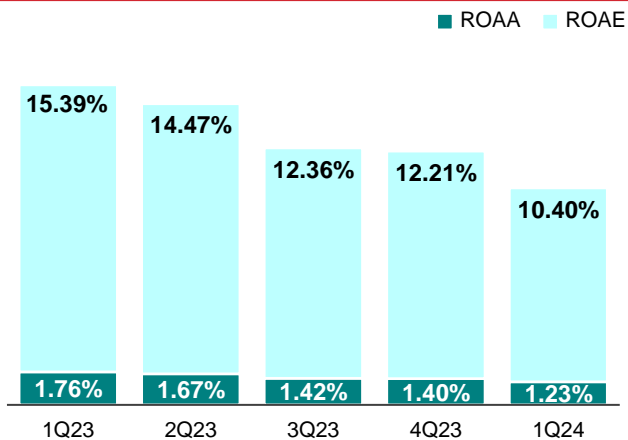
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This presentation contains forward-looking statements about Cathay General Bancorp and its subsidiaries (collectively referred to herein as the “Company,” “we,” “us,” or “our”) within the meaning of the applicable provisions of the Private Securities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

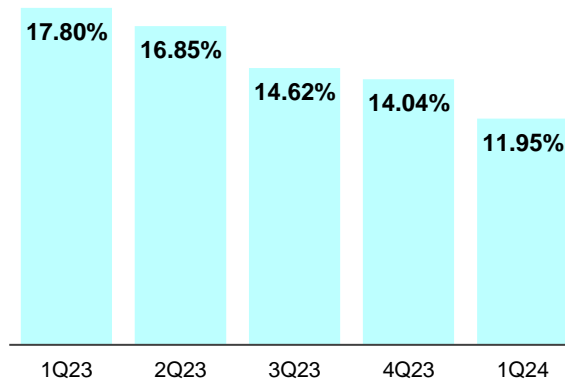
For a discussion of these and other risks that may cause actual results to differ from expectations, please see our Annual Report on Form 10-K (at Item 1A in particular) for the year ended December 31, 2023, and all subsequent reports and filings we make with the Securities and Exchange Commission under 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 1Q 2024

## Profitability: Return on Assets & Equity



## Return on Tangible Equity \*



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

## Quarterly Results Ending March 31, 2024

**\$71.4mn**  
Net Income

**\$0.98**  
Diluted EPS

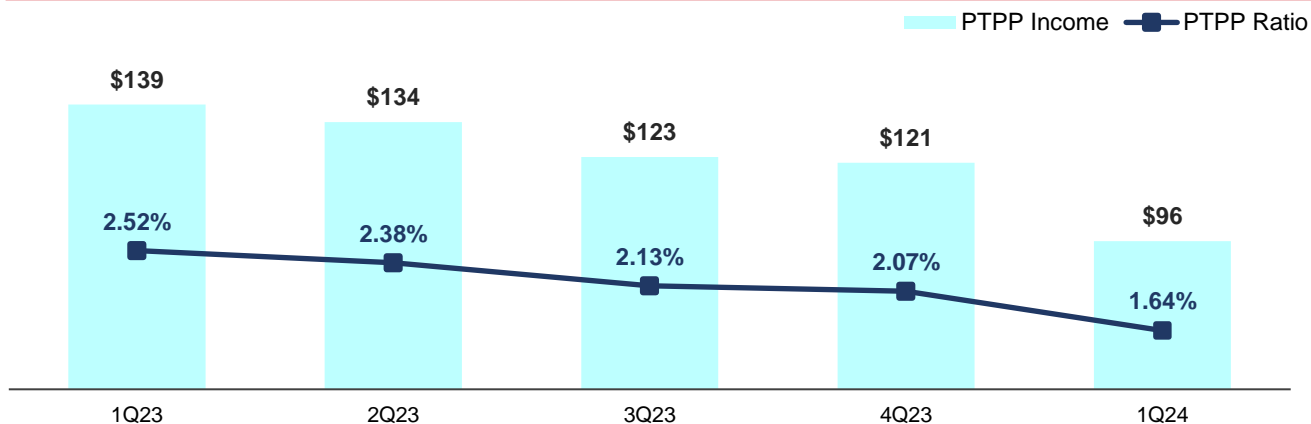
**\$175.2mn**  
Total Revenue

**\$19.4bn**  
Total Loans

**\$19.8bn**  
Total Deposits

**53.22%**  
Efficiency Ratio

## Pre-Tax Pre-Provision Income Ratio (\$m)



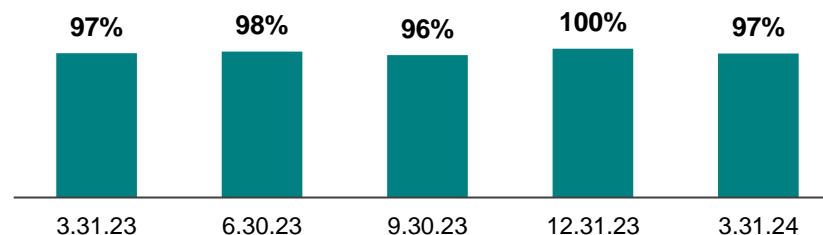
Pre-Tax Pre-Provision, Pre-Tax Credit Amortization, and Pre-Acquisition Expense ("PTPP") Income Ratio calculation based on annualized PTPP Income divided by total average assets.

# Summary Balance Sheets

\$mn, except per share data	3.31.24	12.31.23	QoQ Change
Cash equivalents & ST investments	\$ 1,176	\$ 829	\$ 347
AFS debt securities	1,653	1,605	49
Gross loans, net of discounts	\$ 19,418	\$ 19,537	\$ (120)
Allowance for credit losses	(155)	(155)	(0)
<b>Net Loans</b>	<b>\$ 19,263</b>	<b>\$ 19,383</b>	<b>\$ (120)</b>
Other assets	1,312	1,265	47
<b>Total Assets</b>	<b>\$ 23,405</b>	<b>\$ 23,082</b>	<b>\$ 323</b>
Customer deposits	\$ 19,846	\$ 19,325	521
FHLB borrowings	265	540	(275)
Debt	137	135	2
Other Liabilities	379	345	34
<b>Total Liabilities</b>	<b>\$ 20,627</b>	<b>\$ 20,345</b>	<b>\$ 282</b>
<b>Total Stockholders' Equity</b>	<b>\$ 2,778</b>	<b>\$ 2,737</b>	<b>\$ 41</b>

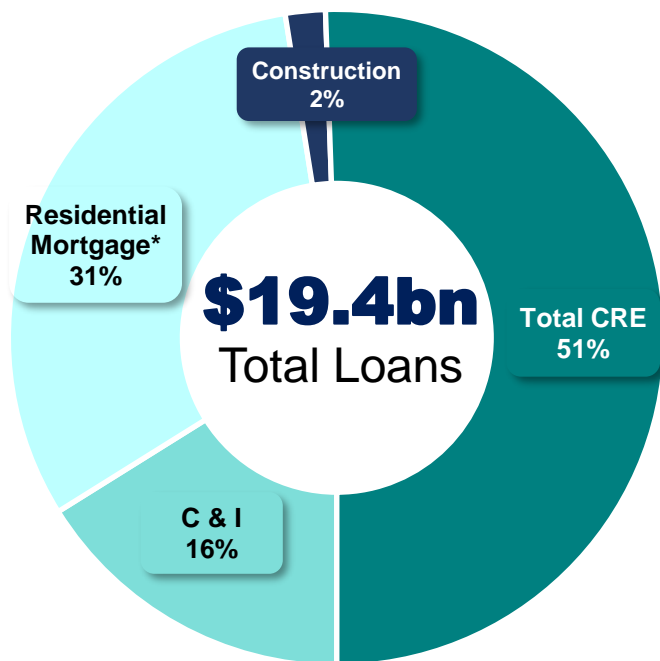
Note: Information as of 3.31.24 is unaudited.

## Net Loans-to-Deposit Ratio (end of period (EOP))



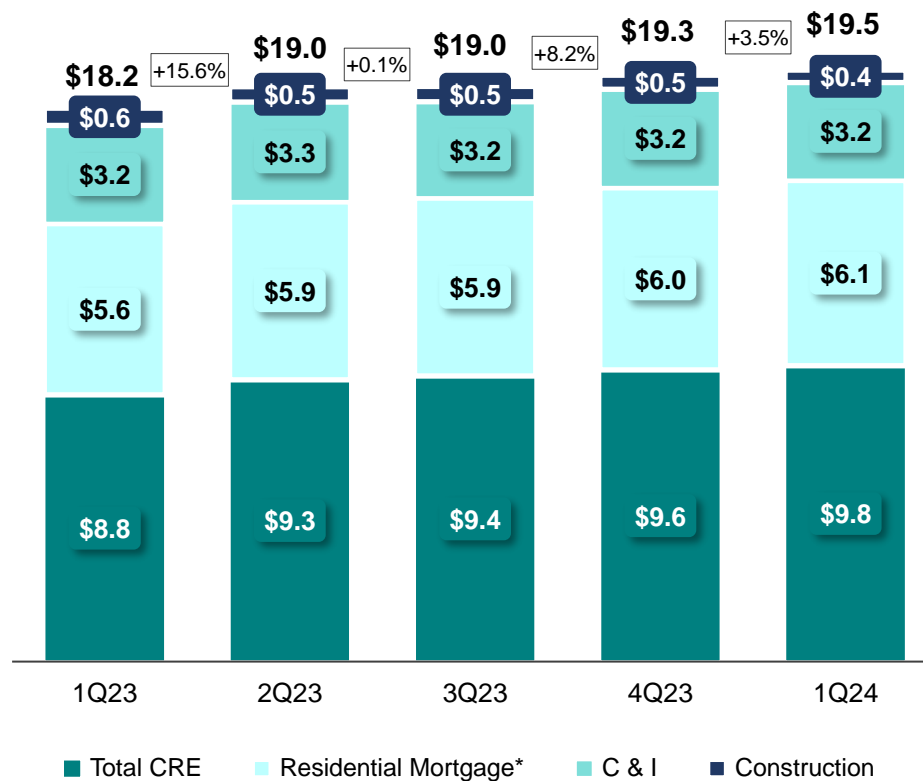
# Loan Composition

## Total Loan Portfolio (\$bn)



- Total CRE \$9.8bn
- Residential Mortgage\* \$6.1bn
- C & I Loans \$3.1bn
- Construction Loans \$0.4bn

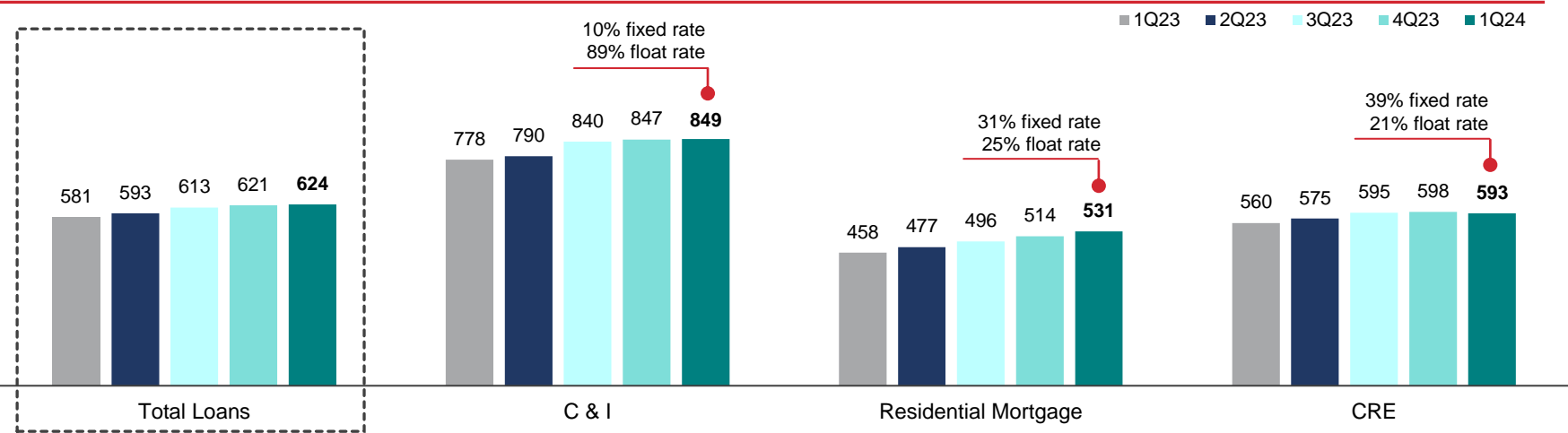
## Average Loan Growth – QoQ Annualized (\$bn)



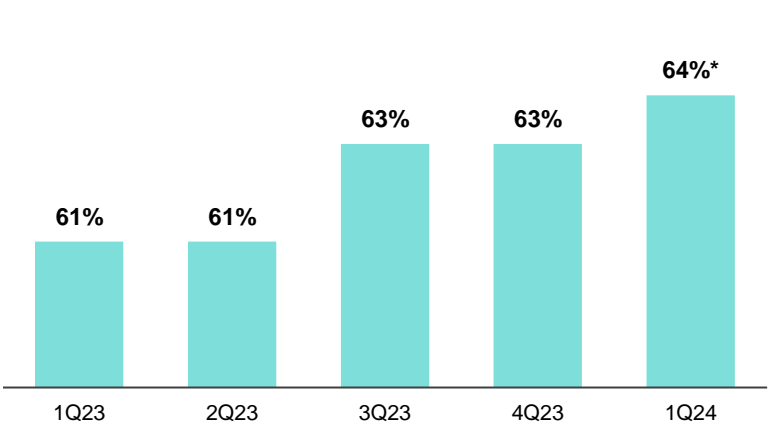
\* Residential Mortgage includes equity lines, installment and other loans.

# Loan Yields

Average Loan Yield by Type (in bps)

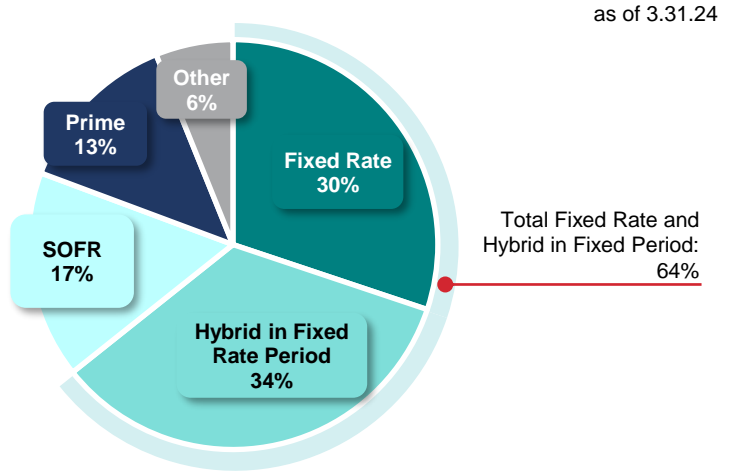


Fix Rate & Hybrid in Fixed Rate Period (% of total loans)



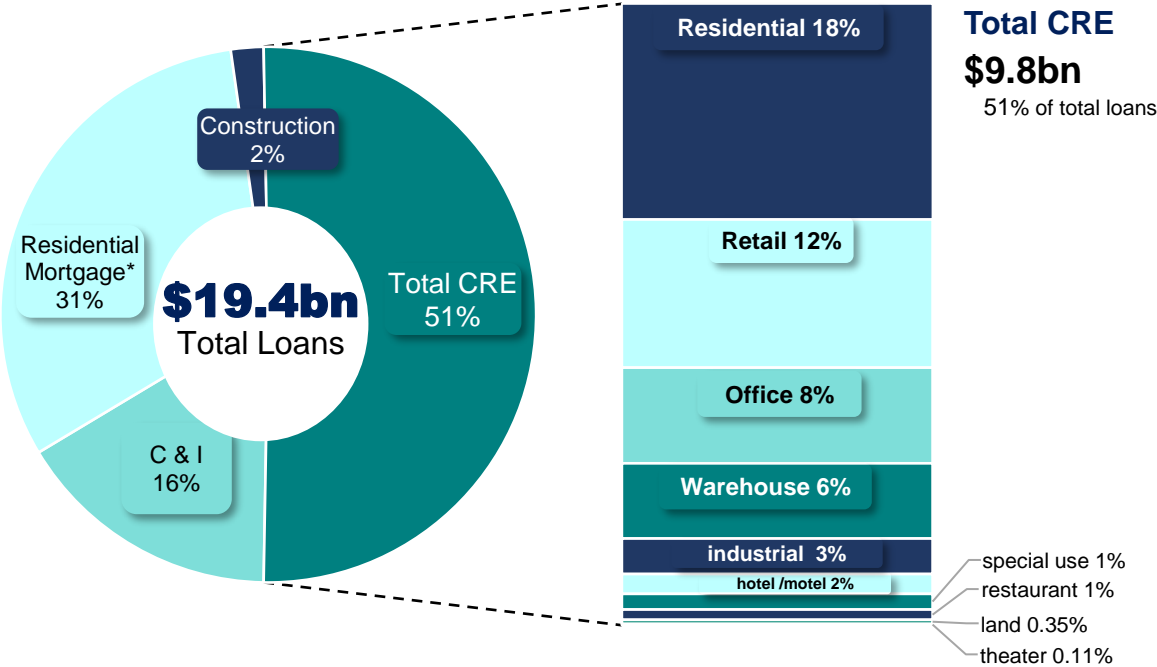
\* Excludes fixed to float interest rate swaps of 4%.

Loan Portfolio By Index Rate



# Commercial Real Estate Portfolio

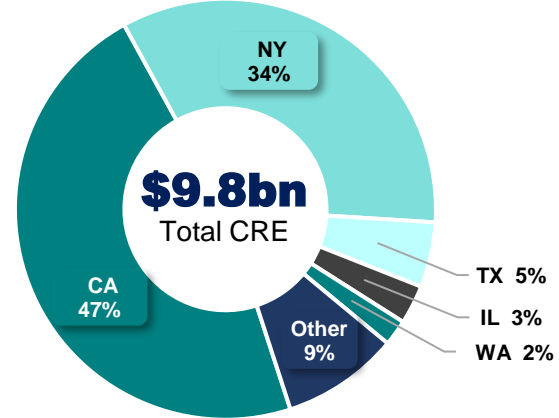
## CRE Portfolio Breakdown



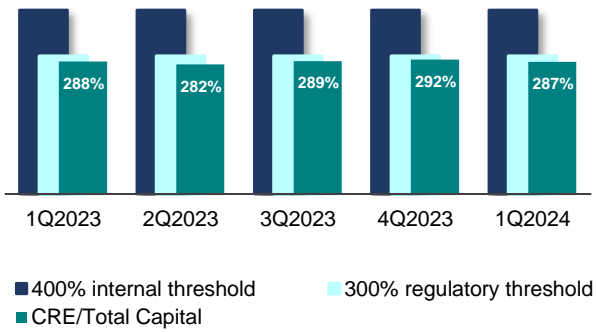
Of \$9.8bn in total CRE loans, it included a notional amount of \$775mn of interest rate swaps or 4% of total loans.

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

## CRE Geographic Distribution

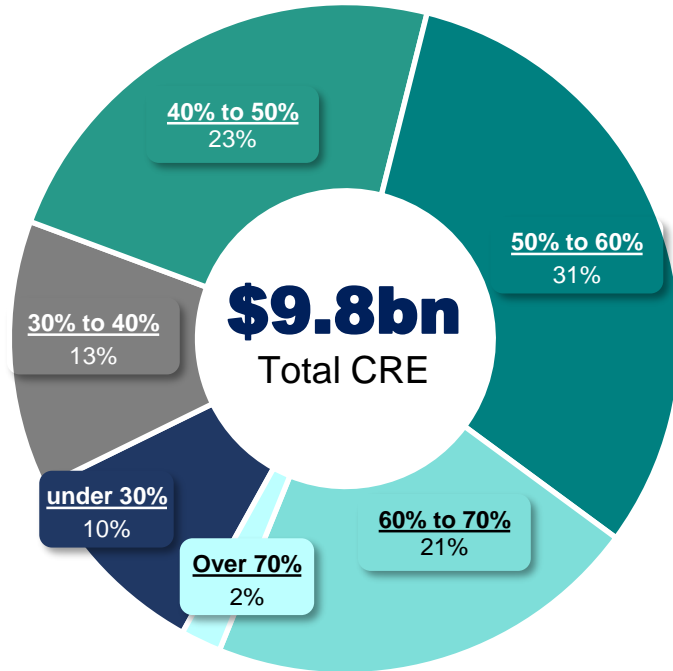


## Total CRE Concentration



# Commercial Real Estate Portfolio (cont'd)

## Total CRE LTV Distribution



## Total CRE LTV and Size by Property Type

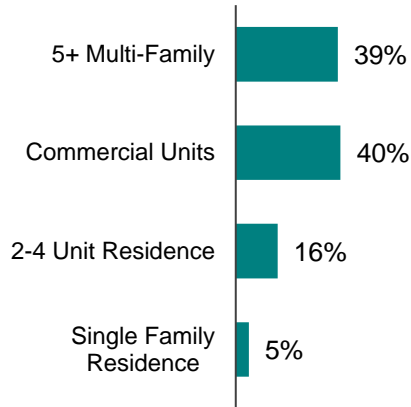
	Total CRE Loan Portfolio (\$mn)	Avg. Loan Size (\$mn)	Total CRE Weighted Avg. LTV
Residential	\$3,406	\$1.3	54%
Retail	\$2,342	\$2.1	50%
Office	\$1,513	\$2.1	48%
Warehouse	\$1,189	\$2.7	46%
Industrial	\$560	\$2.7	49%
Hotel / Motel	\$313	\$5.6	45%
Special Use	\$248	\$2.3	46%
Restaurant	\$161	\$0.9	44%
Land	\$68	\$3.2	37%
Theater	\$22	\$7.3	61%
<b>Total CRE</b>	<b>\$9,822</b>	<b>\$1.8</b>	<b>50%</b>



# Selected CRE and Construction Loan Portfolios

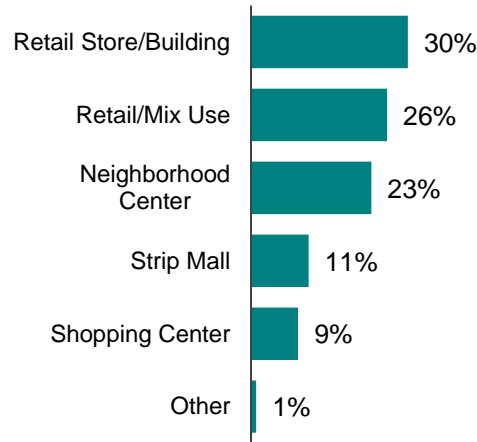
## Residential CRE Portfolio

% based on \$3.4bn loans outstanding



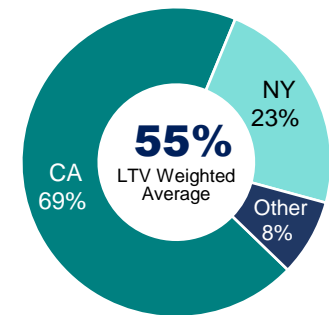
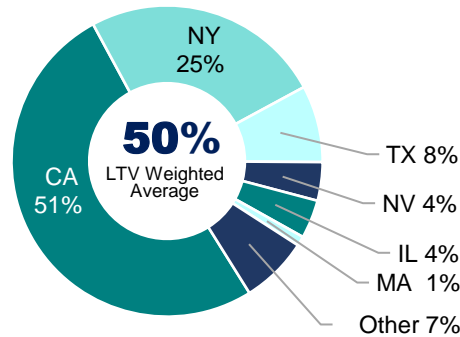
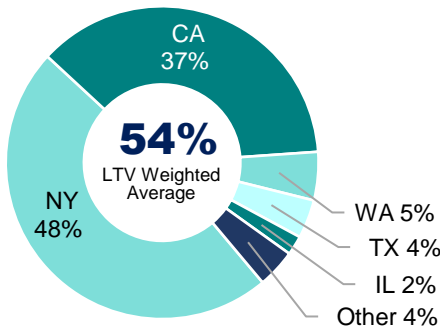
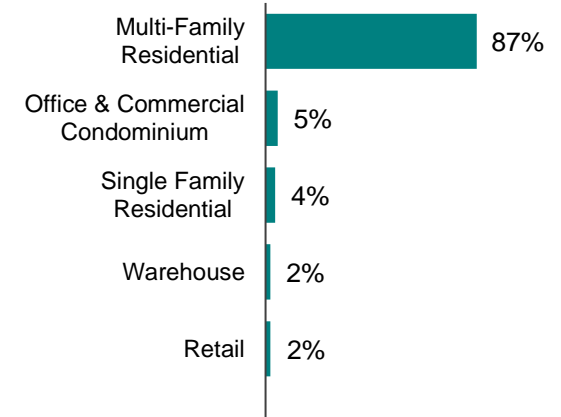
## Retail CRE Portfolio

% based on \$2.3bn loans outstanding



## Construction Portfolio

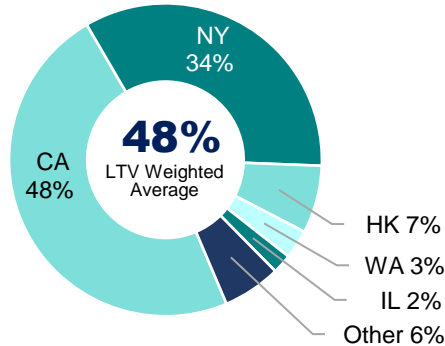
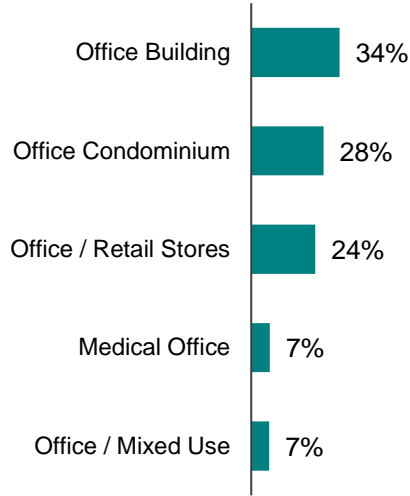
% based on \$0.4bn loans outstanding



# CRE Office Portfolio

## Office CRE Portfolio

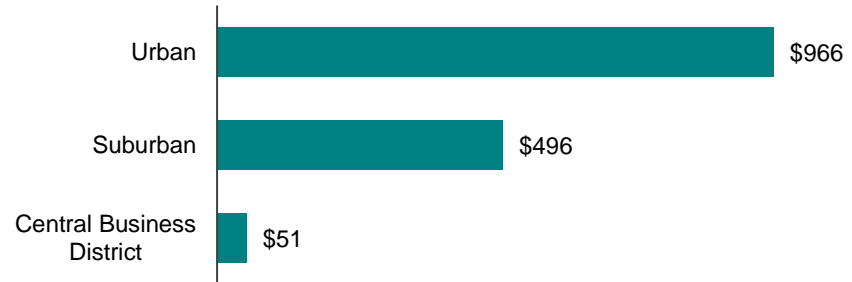
% based on \$1.5bn loans outstanding



## Office CRE Distribution

Property Type	Office CRE Loan Portfolio (\$mn)	Total CRE Weighted Avg. LTV (\$mn)
Office Building	\$511	47%
Office Condominium	\$419	47%
Office / Retail Stores	\$370	33%
Medical Office	\$108	46%
Office / Mixed Use	\$104	42%
<b>Total Office CRE</b>	<b>\$1,513</b>	
<b>Avg. Outstanding Size</b>	<b>\$2.1</b>	
<b>Avg. Property Size (sq ft)</b>	<b>13,499</b>	

## Office CRE Collateral Distribution (\$mn)



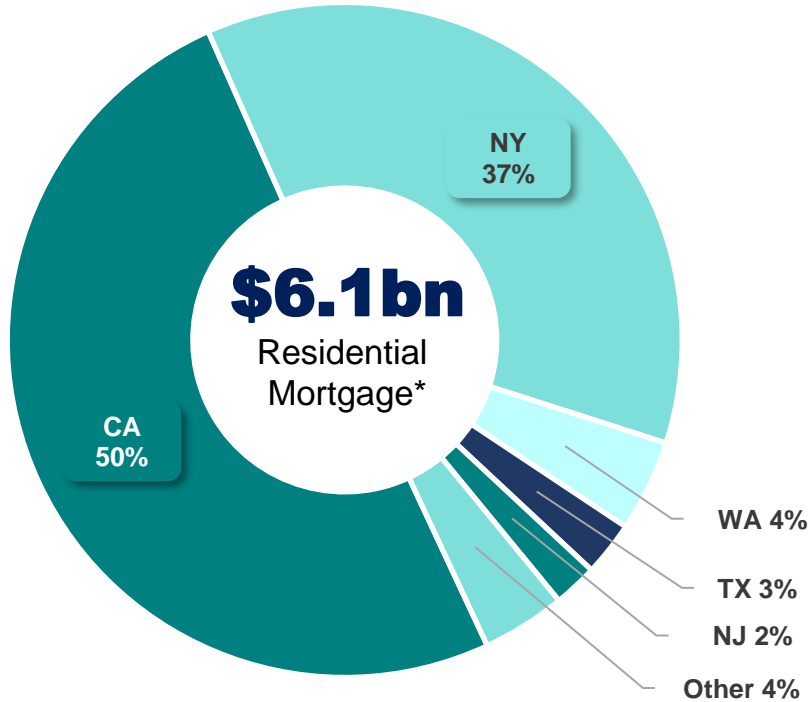
Central Business District (CBD) – Central Business/Financial Centers (mainly city downtowns)

Urban – City and metropolitan areas

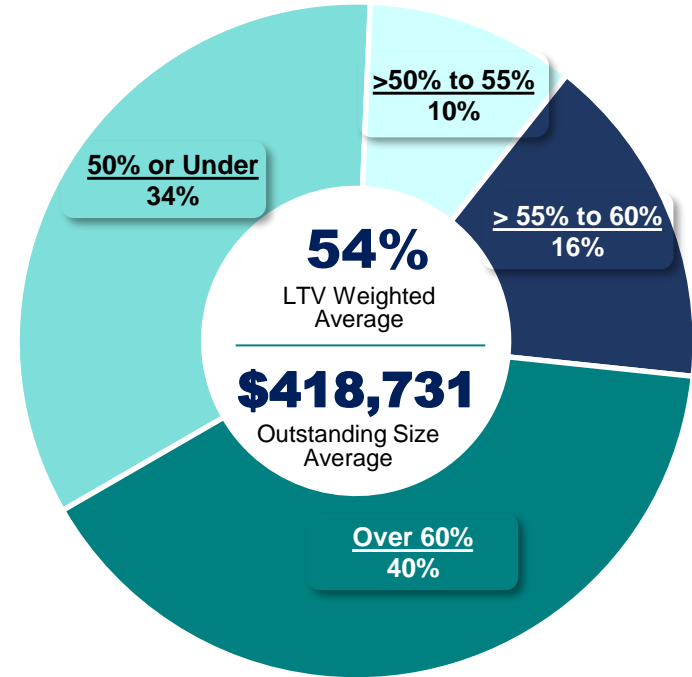
Suburban – Outside of the city/metropolitan area

# Residential Mortgage Portfolio

## Resi. Mortgage Geographic Distribution



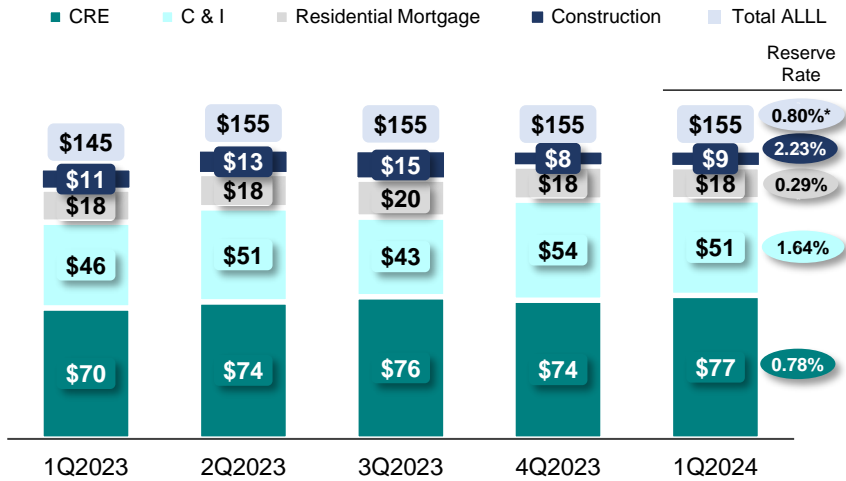
## Single-Family Resi. LTV Distribution



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

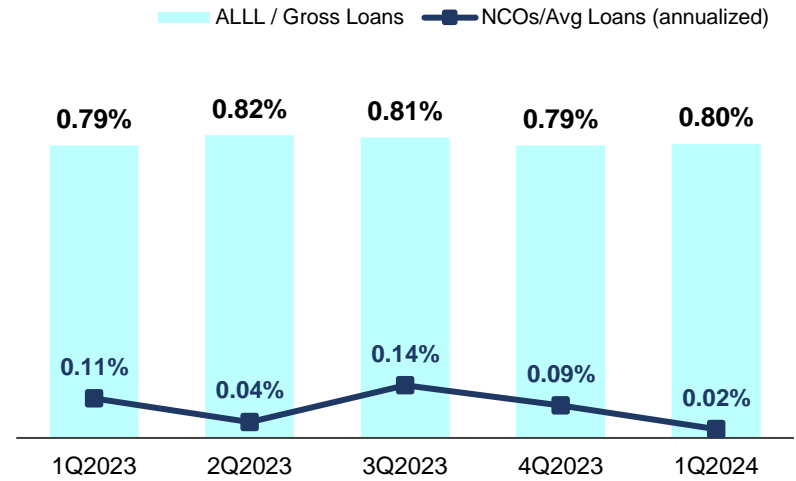
# Asset Quality Metrics

## ALLL Composition (\$mn)

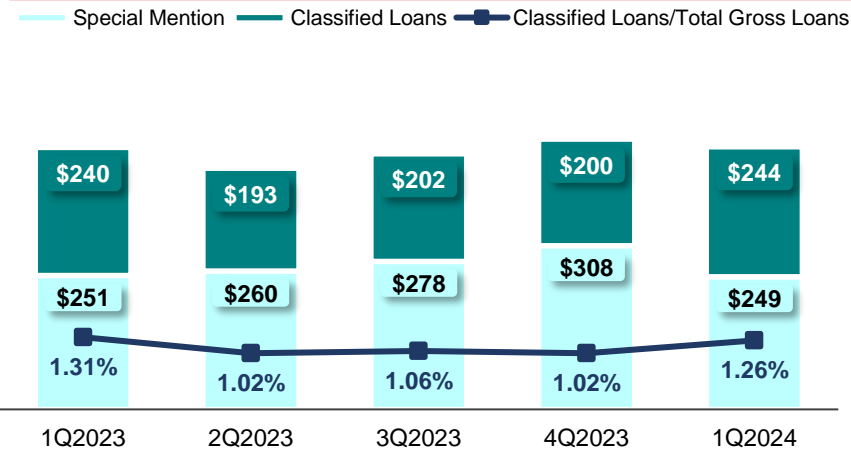


\* Excluding residential mortgage portfolio, the total reserve rate would be 1.02%.

## Reserves and Net Charge-Offs (%)

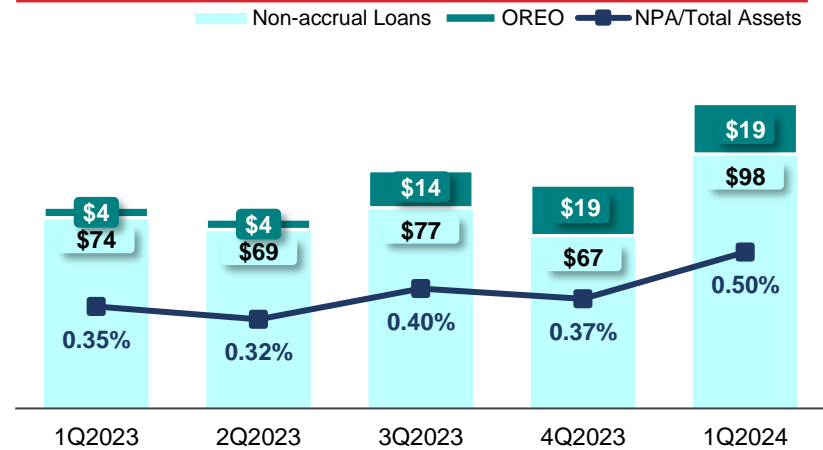


## Classified Loans Ratio (\$mn)



Classified Loans are loans classified as substandard and doubtful.

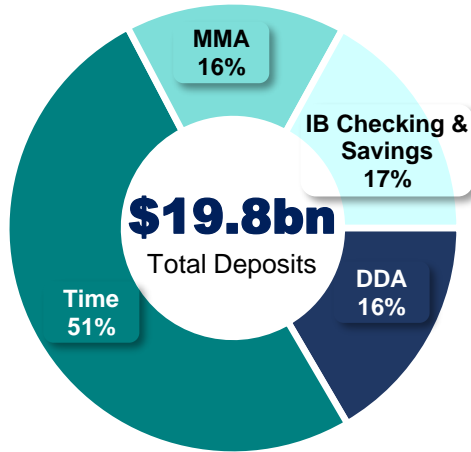
## Non-Performing Assets Ratio (\$mn)



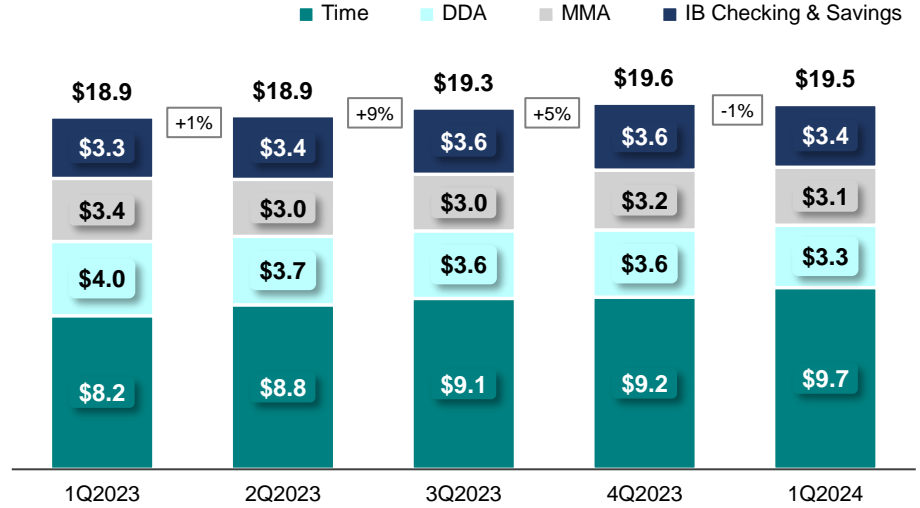
Non-Performing Assets (NPA) = Non-accrual Loans + OREO

# Deposit Mix

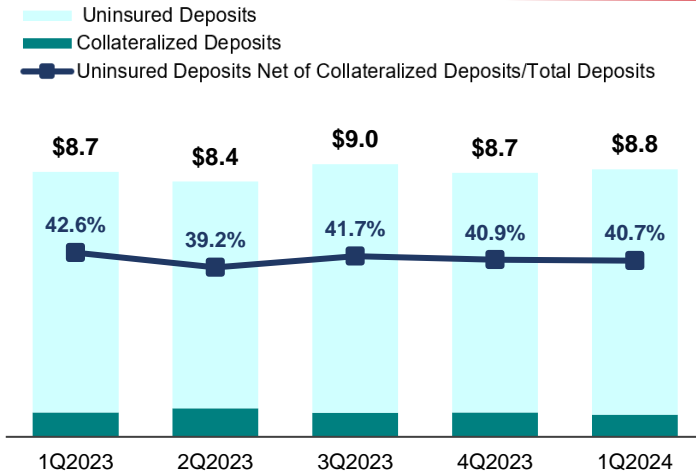
## Total Deposits (\$bn)



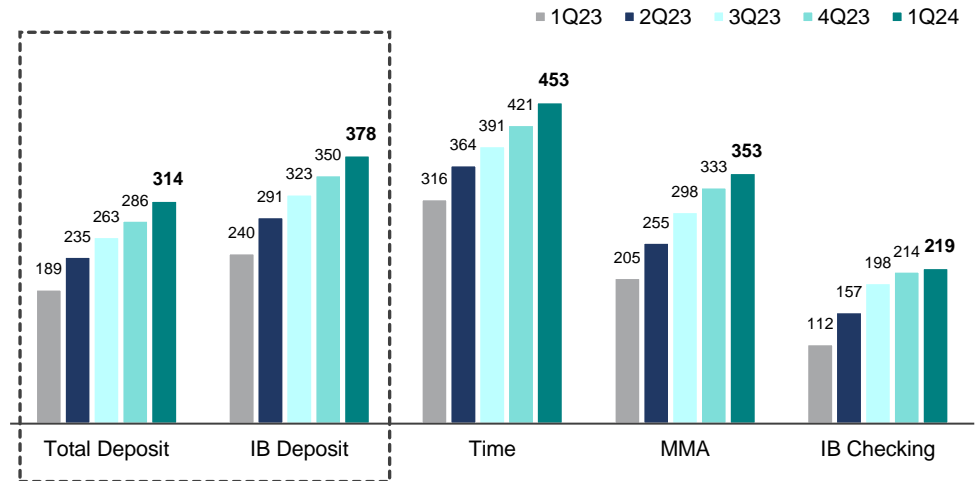
## Average Deposit Growth – QoQ Annualized (\$bn)



## Total Uninsured Deposits (\$bn)



## Average Cost of Deposits by Type (bps)



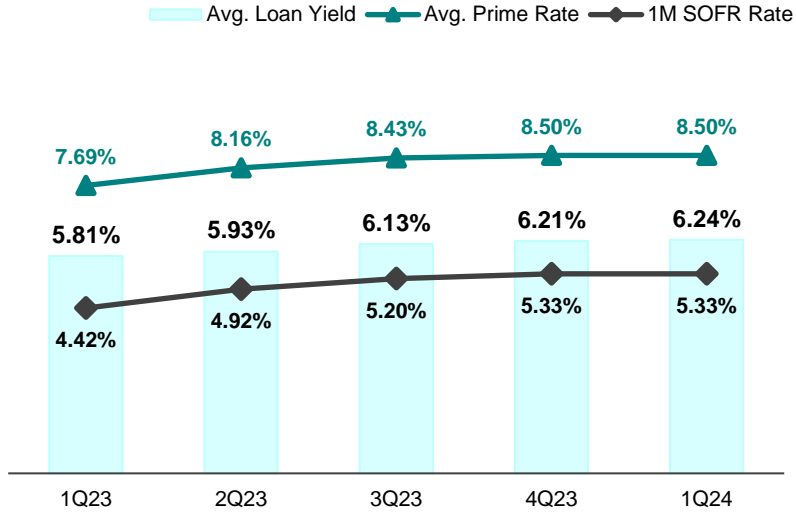
# Summary Income Statements

\$mn, except per share data	3.31.24	12.31.23	\$ Change	% Change
<b>Net Interest Income</b>	<b>\$ 168.6</b>	<b>\$ 182.1</b>	<b>\$ (13.6)</b>	<b>(7.4)%</b>
Noninterest income	15.6	14.2	1.5	10.5%
Net (losses) / Gains from equity securities	(9.0)	9.0	(18.0)	(200.9)%
<b>Total Noninterest Income</b>	<b>6.6</b>	<b>23.1</b>	<b>(16.5)</b>	<b>(71.4)%</b>
Noninterest expense	75.6	72.0	3.7	5.1%
amortization of tax credit and other investment plus core deposit intangibles and FDIC special assessment	17.6	38.5	(20.9)	(54.3)%
<b>Total Noninterest Expense</b>	<b>\$ 93.2</b>	<b>\$ 110.5</b>	<b>\$ (17.3)</b>	<b>(15.6)%</b>
Provision for credit losses	1.9	1.7	0.2	10.3%
Income tax expense	8.6	10.5	(1.9)	(17.9)%
<b>Net Income</b>	<b>\$ 71.4</b>	<b>\$ 82.5</b>	<b>\$ (11.1)</b>	<b>(13.4)%</b>
<b>Diluted EPS</b>	<b>\$ 0.98</b>	<b>\$ 1.13</b>	<b>\$ (0.15)</b>	<b>(13.5)%</b>
Weighted avg. diluted shares (in millions)	73.0	72.9	0.1	0.1%

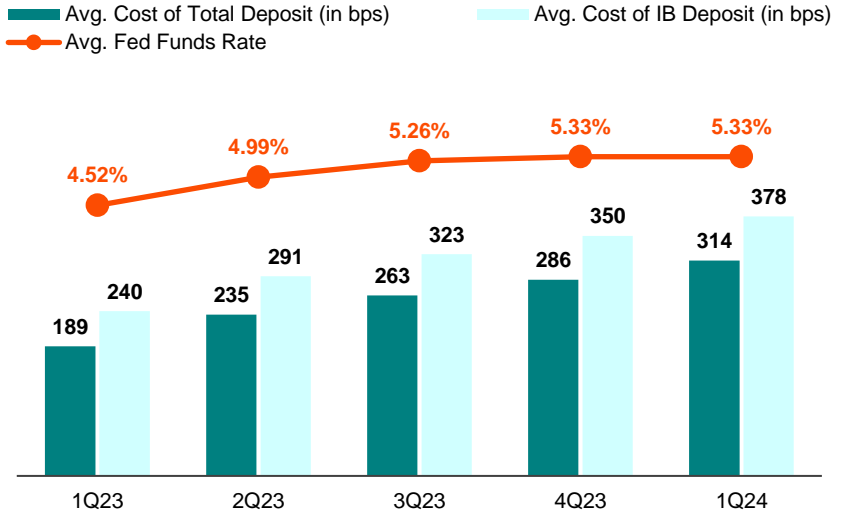
Note: Information for quarter ending 3.31.24 is unaudited. Totals may not foot due to rounding.

# Loan Yields, Deposit Costs and Net Interest Income

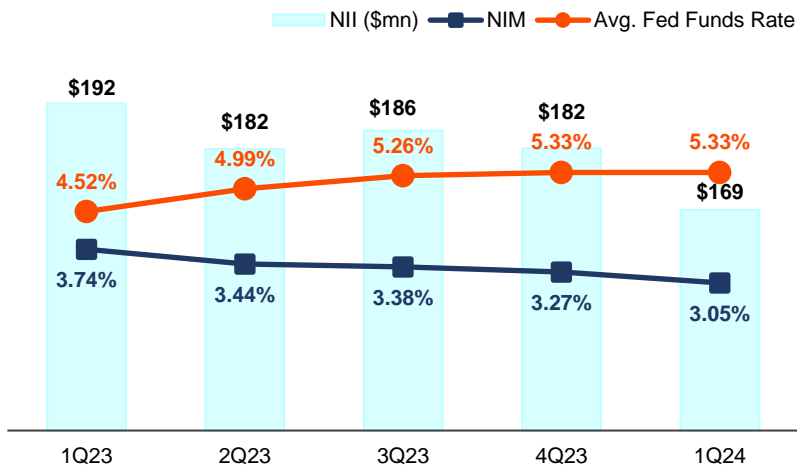
## Average Loan Yield vs Prime Rate and 1M SOFR



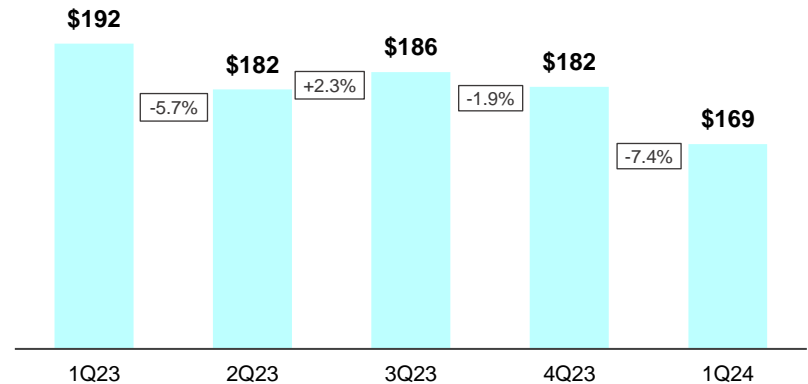
## Average Cost of Deposits vs Fed Funds Rate



## Net Interest Income and Net Interest Margin

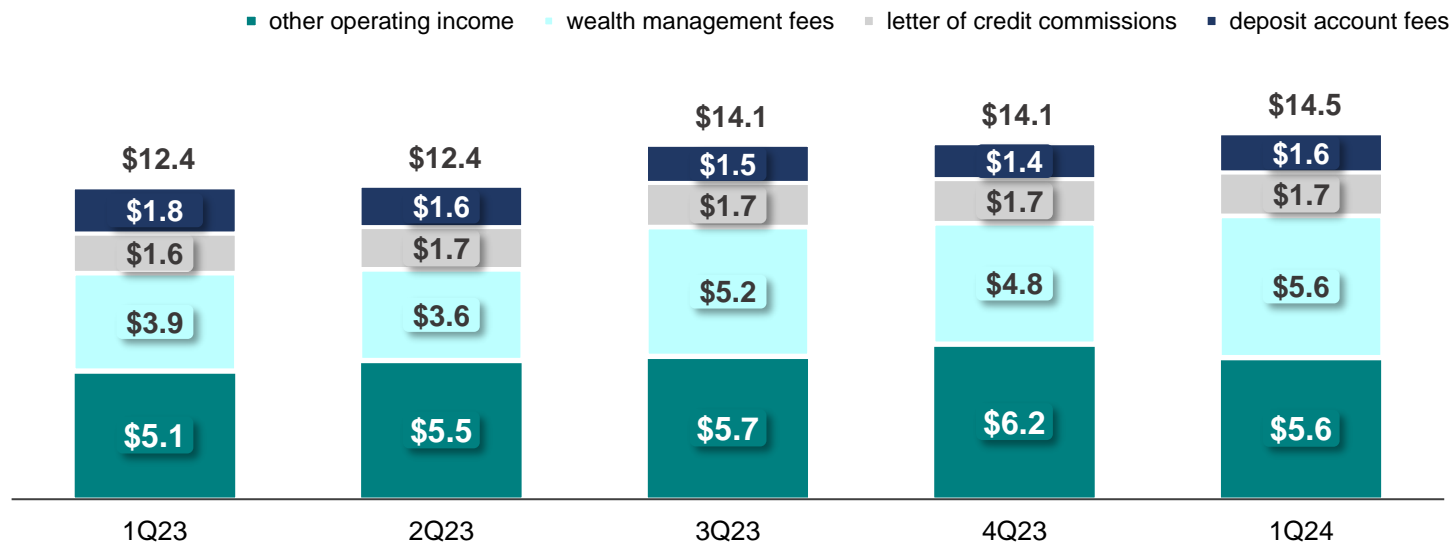


## Net Interest Income Growth (\$mn)



# Non-Interest Income

## Non-Interest Income\* (\$mn)



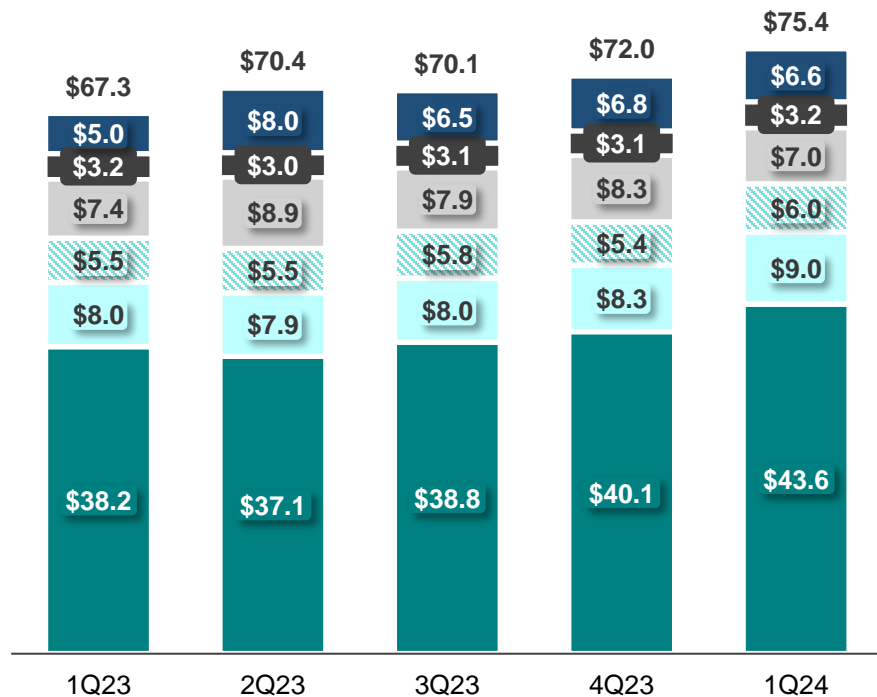
\* Non-interest income excludes net gains/(losses) from equity securities.

(\$mn)	1Q2023	2Q2023	3Q2023	4Q2023	1Q2024
<b>Non-interest income, before net gains/(losses) from equity securities</b>					
Non-interest income*	\$12.4	\$12.4	\$14.1	\$14.1	\$14.5
net gains/(losses) from equity securities	\$4.8	\$10.7	(\$6.2)	\$9.0	(\$9.0)
net gains/(losses) from investment securities	(\$3.0)	\$0.0	\$0.0	\$0.0	\$1.1
Total Non-interest Income	\$14.2	\$23.1	\$7.8	\$23.1	\$6.6



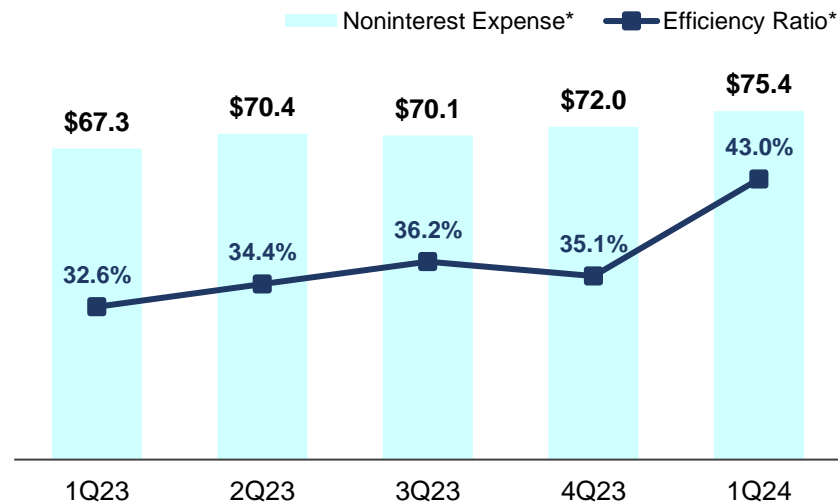
# Operating Expense & Efficiency

## Core Noninterest Expense\* (\$mn)



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

## Core Noninterest Expense\* & Efficiency Ratio\* (\$mn)



(\$mn) 1Q2023 2Q2023 3Q2023 4Q2023 1Q2024

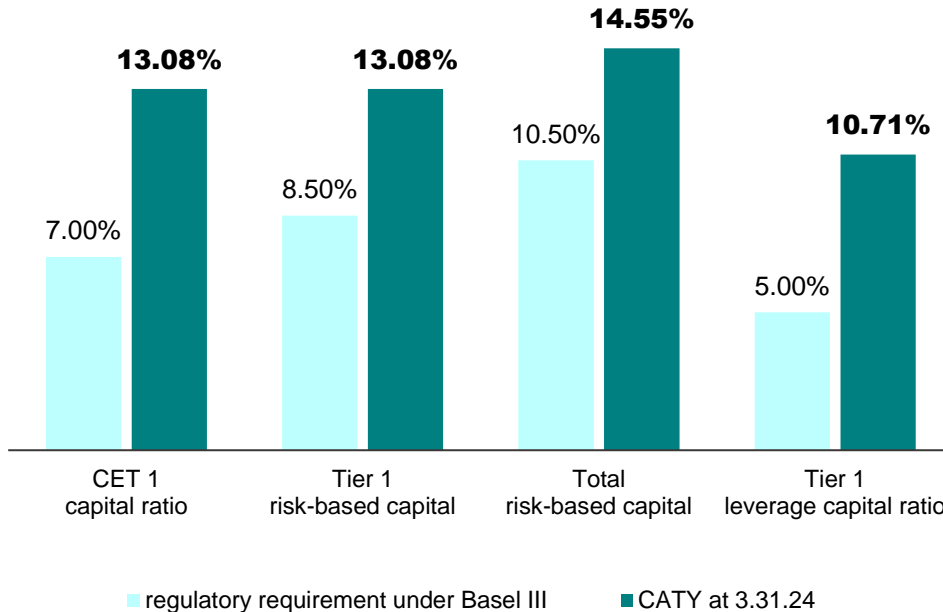
### Core noninterest expense, before amortization and other real estate owned

Core noninterest expense*	\$67.3	\$70.4	\$70.1	\$72.0	\$75.4
Amortization in investment in low income housing	\$9.1	\$11.6	\$7.9	\$10.2	\$8.2
Amortization in alternative energy partnerships	\$6.5	\$10.2	\$15.3	\$15.9	\$6.3
Other real estate owned & CDF	\$0.3	\$0.6	\$0.7	\$0.4	\$0.6
Restructuring costs	-	-	-	0.7	-
FDIC special assessment	n/a	n/a	n/a	11.3	2.9
<b>Total Noninterest Expense</b>	<b>\$83.2</b>	<b>\$92.8</b>	<b>\$94.0</b>	<b>\$110.5</b>	<b>\$93.2</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

## Key Capital Ratios (%)



## Highlights

- **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 \$38.22 as of 3.31.24: +1.49% compared to 12.31.23 and +8.83% YoY.
- **Tangible Book Value\* Per Common Share** is \$32.99 as of 3.31.24: +1.73% compared to 12.31.24 and +7.88% YoY.
- **Capital Return on Shareholder** common stock dividend: \$0.34/share quarterly, or \$1.36/share annualized.

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

# Management Guidance Full Year 2024

	Full Year 2024 Guidance	Prior Outlook	Full Year 2023 Actual
<b>Loans, end of period</b>	<ul style="list-style-type: none"> <li>Estimated growth rate 3% to 4%.</li> </ul>	<ul style="list-style-type: none"> <li>Estimated growth rate 4% to 5%.</li> </ul>	\$19.5 billion +7.1% YoY
<b>Deposits</b>	<ul style="list-style-type: none"> <li>Estimated growth rate 4% to 5%.</li> </ul>	<ul style="list-style-type: none"> <li>Estimated growth rate 4% to 5%.</li> </ul>	\$19.3 billion +4.4% YoY
<b>Core Noninterest Expense</b>	<ul style="list-style-type: none"> <li>Estimated growth rate 3.0% to 3.5%.</li> </ul>	<ul style="list-style-type: none"> <li>Estimated growth rate 3.0% to 3.5%.</li> </ul>	\$279.8 million +9.6% YoY
<b>NIM</b>	<ul style="list-style-type: none"> <li>Estimated to range between 3.05% and 3.15%.</li> <li>Expect first rate cut in September and second in December.</li> </ul>	<ul style="list-style-type: none"> <li>Estimated to range between 3.15% and 3.25%.</li> <li>Expected three rate cuts in June, September, and December.</li> </ul>	3.45%
<b>Tax Rate</b>	<ul style="list-style-type: none"> <li>Effective tax rate for 2024 estimated between 12.0% and 13.0%.</li> <li>Solar amortization estimated to be \$32.5 million for 2024; \$8.0 million in Q2 and \$9.0 million each in Q3 and Q4.</li> </ul>	<ul style="list-style-type: none"> <li>Effective tax rate for 2024 estimated between 20.0% and 21.0%.</li> <li>Solar amortization estimated to be \$6.5 million for 2024; \$6.0 million in Q1 and \$0.5 in Q2.</li> </ul>	<ul style="list-style-type: none"> <li>Effective tax rate for the full year was 12.25%.</li> <li>Solar amortization was \$47.9 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 (\$ 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>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
			(in thousands) (Unaudited)	
Stockholders' equity	(a)	\$ 2,778,072	\$ 2,736,575	\$ 2,542,339
Less: Goodwill		(375,696)	(375,696)	(375,696)
Other intangible assets <sup>(1)</sup>		(4,131)	(4,461)	(5,564)
<b>Tangible equity</b>	(b)	<u>\$ 2,398,245</u>	<u>\$ 2,356,418</u>	<u>\$ 2,161,079</u>
Total assets	(c)	\$ 23,404,803	\$ 23,081,534	\$ 22,031,601
Less: Goodwill		(375,696)	(375,696)	(375,696)
Other intangible assets <sup>(1)</sup>		(4,131)	(4,461)	(5,564)
Tangible assets	(d)	<u>\$ 23,024,976</u>	<u>\$ 22,701,377</u>	<u>\$ 21,650,341</u>
Number of common shares outstanding	(e)	72,688,191	72,668,927	72,390,694
Total stockholders' equity to total assets ratio	(a)/(c)	11.87%	11.86%	11.54%
Tangible equity to tangible assets ratio	(b)/(d)	10.42%	10.38%	9.98%
Tangible book value per share	(b)/(e) \$	32.99	\$ 32.43	\$ 29.85

		<u>Three Months Ended</u>		
		<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
			(in thousands) (Unaudited)	
Net Income		\$ 71,435	\$ 82,526	\$ 96,007
Add: Amortization of other intangibles		330	262	192
Tax effect of amortization adjustments <sup>(2)</sup>		(98)	(78)	(57)
<b>Tangible net income</b>	(f)	<u>\$ 71,667</u>	<u>\$ 82,710</u>	<u>\$ 96,142</u>
Return on tangible common equity <sup>(3)</sup>	(f)/(b)	11.95%	14.04%	17.80%

<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  
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