

## CATHAY GENERAL BANCORP

### EXECUTIVE COMPENSATION COMMITTEE CHARTER

Adopted by the Board of Directors of Cathay General Bancorp as amended February 21, 2008

#### *Purpose*

The purposes of the Executive Compensation Committee (the "Committee") established pursuant to this charter are to discharge the responsibilities of the Board of Directors (the "Board") of Cathay General Bancorp (the "Company") with respect to compensation matters for the Company's executive officers and independent directors, report annually to the Company's stockholders on executive compensation matters, administer the Company's equity-based and other compensation plans as to executive officers and directors, and take or cause to be taken such other actions and address such other matters as the Board may from time to time authorize the Committee to undertake or assume responsibility for.

#### *Membership and Power to Act*

The Committee shall be composed of two or more directors, as determined by the Board. Such members will be elected by and serve at the discretion of the Board. Each Committee member will serve on the Committee during his or her respective term as a Board member, subject to earlier removal by a majority vote of the Board. Unless a chair is elected by the Board, the members of the Committee may designate a chair by vote of the Committee.

As long as the Company's Common Stock remains publicly traded, each member of the Committee will be (1) "independent" as defined under Rule 4200(a)(15) of the Marketplace Rules of the Nasdaq Stock Market (except as otherwise permitted under such rules), (2) a "non-employee director" under Rule 16b-3(b)(3)(i) promulgated under the Securities Exchange Act of 1934, as amended, and (3) as an "outside director" under the regulations promulgated under Section 162(m) of the Internal Revenue Code of 1986, as amended. These terms are more fully described on Exhibit A attached hereto.

In the event that the Committee has more than two members and one or more members of the Committee are absent from a meeting of the Committee or being present at a meeting recuse themselves from an action taken, the remaining members of the Committee (provided there are at least two such members), acting unanimously, shall have the power to take any necessary action. No action of the Committee shall be valid unless taken pursuant to a resolution adopted and approved by at least two members of the Committee.

Except with respect to matters relating to compensation of the Company's Chief Executive Officer, with respect to which the Board delegates to the Committee exclusive authority during such period of time that the Committee is empanelled with at least two qualifying members as required above, the Board simultaneously reserves to itself all authority delegated hereunder to the Committee. This reservation of authority does not in any way limit the Committee's authority to act definitively on matters delegated to it hereunder. Notwithstanding the above, the Board reserves the right at any time to revoke or change the authority delegated hereunder.

#### *Meetings*

The Committee will meet at such times as it deems appropriate to discharge its duties hereunder. The Committee may act by unanimous written consent.

## ***Responsibilities***

The authority delegated to the Committee is set forth below. This description of authority is intended as a guide and the Committee may act and establish policies and procedures that are consistent with these guidelines or are necessary or advisable, in its discretion, to carry out the intent of the Board in delegating such authority and to fulfill the responsibilities of the Committee hereunder.

1. The Committee has exclusive authority to determine the amount and form of compensation paid to the Company's Chief Executive Officer, and to take such action, and to direct the Company to take such action, as is necessary and advisable to compensate the CEO in a manner consistent with its determinations. The Committee will review at least annually the Chief Executive Officer's performance, including in light of goals and objectives established for such performance, including the relationship of such compensation to corporate performance, and in light of such review determine his or her compensation.
2. The Committee has authority to determine the amount and form of compensation paid to the Company's executive officers, to review the performance of such persons in order to determine appropriate compensation, as well as to establish the Company's compensation policies and practices with regard to executive officers and to administer plans and arrangements established pursuant to such policies and practices. The Committee has authority to take such action, and to direct the Company to take such action, as is necessary and advisable to compensate such persons and to implement such policies and practices in a manner consistent with its determinations.
3. The Committee has authority to administer the Company's equity compensation plans with regard to executive officers, including without limitation to amend and interpret such plans and the awards and agreements issued pursuant thereto with regard to executive officers, and to make awards to executive officers under the plans and determine the terms of such awards.
4. The Committee has authority to select, engage, compensate and terminate compensation consultants, legal counsel, and such other advisors as it deems necessary and advisable to assist the Committee in carrying out its responsibilities and functions as set forth herein. Compensation paid to such parties and related expenses will be borne by the Company and the Company will make appropriate funding available to the Committee for such purposes.
5. The Committee will prepare an annual report to the Company's stockholders on executive compensation that will be included in the Company's proxy statement for its annual stockholders' meeting in accordance with the rules and regulations of the Securities and Exchange Commission.
6. The Committee will make regular reports to the Board with respect to significant actions and determinations made by the Committee.
7. The Committee will periodically review this charter and make recommendations to the Board with regard to appropriate changes to the charter.
8. The Committee will periodically review its own performance and report on its conclusions in this regard to the Board.
9. The Committee has the authority to perform such other activities and functions as are required by law, applicable Nasdaq (or stock exchange) rules or provisions in the Company's charter documents, or as are otherwise necessary and advisable, in its or the Board's discretion, to the efficient discharge of its duties hereunder.

## ***Reports***

The Committee will record its actions and determinations in written form. These records will be incorporated as a part of the minutes and actions of the Board.

## **Exhibit A**

### 1. Independent Director.

The Committee must be composed solely of “independent” directors, as defined in Nasdaq Marketplace Rule 4200(a)(15). If the Committee is composed of at least three members, one non-independent director who is not a current officer or employee or family member of such person may serve on the Committee for up to two years.

The following would not be independent under Nasdaq Marketplace Rule 4200(a)(15):

- (a) An executive officer or employee of the company
- (b) A director who was employed by the company or by any parent or subsidiary of the company at any time during the past three years
- (c) A director who accepted, or who has a family member who accepted any compensation from the company in excess of \$100,000, during any period of twelve consecutive months within the three years preceding the determination of independence, other than compensation to the director for Board or Board committee service, compensation to a family member who is an employee but not an executive officer of the company or benefits under a tax-qualified retirement, or non-discretionary compensation
- (d) A director who is a family member of any person who is, or during the past three years was, employed by the company as an executive officer
- (e) A director who is, or has a family member who is, a partner, an executive officer, or a controlling shareholder of, any organization to which the company made, or from which the company received, payments that exceed 5% of the recipient’s gross revenues for that year, or \$200,000, whichever is more, during the current or any of the past 3 years, other than payments arising solely from investment in the company’s securities or payments under non-discretionary charitable contribution matching programs
- (f) A director who is, or has a family member who is, employed as an executive officer of another entity where at any time during the past three years any of the company’s executive officers has served on the compensation committee of such other entity
- (g) A director who is, or has a family member who is, a current partner of the company’s outside auditor, or was a partner or employee of the company’s outside auditor who worked on the company’s audit at any time during the past three years
- (h) Any person who has a relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director

### 2. Non-Employee Director.

Rule 16b-3(b)(3)(i) under the Securities Exchange Act of 1934, as amended, defines a “Non-Employee Director” as a director who:

- (a) Is not currently an officer (as defined in Rule 16a-1(f)) of the issuer or a parent or subsidiary of the issuer, or otherwise currently employed by the issuer or a parent or subsidiary of the issuer;
- (b) Does not receive compensation, either directly or indirectly, from the issuer or a parent or subsidiary of the issuer, for services rendered as a consultant or in any capacity other than a director,

except for an amount that does not exceed the dollar amount for which disclosure would be required pursuant to Rule 404(a) of Regulation S-K; and

(c) Does not possess an interest in any other transaction for which disclosure would be required pursuant to Rule 404(a) of Regulation S-K.

3. Outside Director.

Regulation Section 1.162-27(e)(3) promulgated under Section 162(m) of the Internal Revenue Code of 1986, as amended, defines an “Outside Director” as a director who:

- (a) Is not a current employee of the publicly held corporation;
- (b) Is not a former employee of the publicly held corporation who receives compensation for prior services (other than benefits under a tax-qualified retirement plan) during the taxable year;
- (c) Has not been an officer of the publicly held corporation; and
- (d) Does not receive remuneration from the publicly held corporation, either directly or indirectly, in any capacity other than as a director. For this purpose, remuneration includes any payment in exchange for goods or services.