

# CATHAY GENERAL BANCORP

## COMPENSATION COMMITTEE CHARTER

Adopted by the Board of Directors October 21, 2010

### *Purpose*

The purpose of the Compensation Committee (the “Committee”) of the board of directors (the “Board”) of Cathay General Bancorp (the “Company”) is to oversee:

- The compensation matters for the Company’s executive officers and directors;
- The administration of the Company’s equity-based plans; and
- The administration of the Company’s other compensation plans as to executive officers and directors.

### *Composition and Meetings*

The Committee shall be composed of two or more directors, each of whom shall (1) be an “independent director” as defined under Rule 5605(a)(2) of the rules of the Nasdaq Stock Market (“Nasdaq”) (except as otherwise permitted under such rules), (2) be a “non-employee director” under Rule 16b-3(b)(3)(i) promulgated under the Exchange Act, and (3) be an “outside director” under the regulations promulgated under Section 162(m) of the Internal Revenue Code of 1986, as amended.

The Committee shall meet whenever necessary, but at least quarterly.

### *Responsibilities*

The Committee is charged by the Board with responsibility with respect to the following:

1. Establish the Company’s compensation policies and practices with regard to executive officers, including base salary, bonus, equity compensation and discretionary benefits, and administer plans and arrangements established pursuant to such policies and practices.
2. Determine the amount and form of compensation paid to the Company’s Chief Executive Officer, Chief Financial Officer, and all other executive officers, and take such action, and direct the Company to take such action, as is necessary and advisable to compensate such executive officers in a manner consistent with its determination.

3. Review at least annually such executive officers' performance in light of goals and objectives established for such performance, including the relationship of such compensation to corporate performance and to risk.
4. Administer the Company's equity-compensation plans, including making awards under the plans to executive officers and reviewing management's recommendations for Board approval of awards to non-executive officers, determining the terms and conditions of such awards, and interpreting such plans and the awards and agreements issued pursuant thereto.
5. Prepare the Committee report required by the Rules and Regulations of the Securities and Exchange Commission to be included in the Company's annual proxy statement.
6. Perform such other activities and functions as are required by law, applicable Nasdaq 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.
7. Provide minutes of Committee meetings to the Board, and report to the Board any significant matters that may arise from the Committee's work.
8. Periodically, at least every three years, evaluate the performance of the Committee, review and reassess this Charter and, if appropriate, recommend changes to the Board.

### ***Authority***

By adopting this Charter, the Board delegates to the Committee full and exclusive authority in its discretion to:

1. Perform each of the responsibilities of the Committee described above.
2. Conduct or authorize inquiries into any matters within the scope of each of the purpose and responsibilities of the Committee described above.
3. Delegate such of its authority and responsibilities as the Committee deems proper to members of the Committee.
4. Appoint a chair of the Committee, unless a chair is designated by the Board.
5. Engage compensation consultants, outside counsel, and such other advisors as the Committee deems necessary or advisable to assist the Committee in carrying out its responsibilities.
6. Cause the officers of the Company to provide such funding as the Committee shall determine to be appropriate for payment of compensation to any compensation consultants, legal counsel, or other advisors engaged by the

Committee, and payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

7. Obtain advice and assistance from internal legal or other advisors.