



Cathay General Bancorp - Risk Committee Charter

Purpose The purpose of this document is to define the purpose, composition, and responsibilities of the Risk Committee of the Board of Directors of Cathay General Bancorp.

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Objective The objective of the Risk Committee (the Committee) of the Board of Directors (the Board) of Cathay General Bancorp (the Company) is to oversee the risk management practices of the Company's worldwide operations.

While the Committee has the authority and responsibilities set forth in this charter, the Company's management is responsible for designing, implementing, and maintaining an effective risk management framework. Risk management is the responsibility of the Company's management. The Committee's responsibility is one of approval of the Company's risk management policies and oversight and review of the Company's risk management framework.

Composition and Meetings The Committee is comprised of at least three Board members appointed by the Board.

The Committee is chaired by an independent director. The independent director chair is:

- Not an officer or employee of the Company and was not an officer or employee of the Company during the previous three years,
- Not be a member of the immediate family, as defined in section 225.41(a)(3) of Regulation Y (12 CFR 225.41(a)(3)), of a person who is, or has been within the last three years, an executive officer of the Company, as defined in section 215.2(e)(1) of Regulation O (12 CFR 215.2(e)(1)), and
- An independent director under Item 407 of the Securities and Exchange Commission's Regulation S-K, 17 CFR 229.407(a).

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Composition and Meetings, continued

At least one member of the Committee has risk management expertise that is commensurate with the Company's capital structure, risk profile, complexity, activities, size, and other appropriate risk related factors. Risk management expertise means:

- An understanding of risk management principles and practices with respect to banking holding companies or depository institutions, or, any nonbank financial companies that the Company may have, and the ability to assess the general application of such principles and practices; and
- Experience developing and applying risk management practices and procedures, measuring and identifying risks, and monitoring and testing risk controls with respect to banking organizations or, any nonbank financial companies that the Company may have.

The Committee meets with an appropriate frequency and as needed, but at least quarterly.

Responsibilities

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

- Approve and periodically review the risk management policies of the Company's operations. Such policies (and the accompanying procedures) should be designed to establish risk management governance, risk management procedures and risk-control infrastructure for the company's worldwide operations.
- Oversee the operation of, on an enterprise wide-basis, an appropriate risk management framework commensurate with the Company's capital structure, risk profile, complexity, activities, size, and other appropriate risk-related factors. The risk management framework should include processes and systems for:
 - Identifying and reporting risk and risk management deficiencies, including emerging risks and associated risk management deficiencies;
 - Ensuring effective and timely implementation of actions to address emerging risks and risk management deficiencies for worldwide operations;
 - Establishing managerial and employee responsibility for risk management;
 - Ensuring independence of the risk management function; and
 - Integrating risk management and associated controls with management goals and management compensation structure for worldwide operations.
- Perform such other activities and functions as are necessary and advisable, in its or the Board's discretion, to the efficient discharge of its duties hereunder.
- Fully document and maintain records of its proceedings, including risk management decisions, and provide minutes of Committee meetings to the Board, and report to the Board on any significant matters arising from the Committee's work.

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Responsibilities, continued

- Periodically, at least every three years, evaluate the performance of the Committee.
- Review and assess the adequacy of the Charter periodically and, if appropriate, recommend changes to the Board.

Reporting

The Chief Risk Officer or designee provides regular reporting and analysis of risk issues to the Committee. Reporting is designed to provide assurance that enterprise risks have been adequately managed. Reporting highlights risk performance, conformity to risk metrics, risk profile trends, and emerging risks. Emphasis is placed on tolerance breaches, delays in remediating control deficiencies and unfavorable trends. Reporting includes:

- Conformance with key risk and performance indicators status
- Risk assessment results with remediating actions
- Loan stress testing status and results
- Summary of key categorical risks
- Executive and senior managers assessment of inherent risk affecting their area of responsibility
- Peer group and market comparative analysis of key risk ratios
- Other risk-related reports that gauge the status of risk management actions

Authority

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

- Perform each of the responsibilities of the Committee as described above.
 - Conduct or authorize inquiries into any matters within the scope of each of the purpose and responsibilities of the Committee described in this charter.
 - Delegate such of its authority and responsibilities as the Committee deems proper to members of the Committee.
 - Appoint a chair of the Committee, unless a chairman is designated by the Board.
 - Engage outside counsel and other advisors as the Committee determines necessary or advisable to assist the Committee in carrying out its responsibilities.
 - Cause the officers of the Company to provide such funding as the Committee determines to be appropriate for payment of compensation to the Company's outside consultants and any 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.
 - Obtain advice and assistance from internal legal counsel or other advisors.
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