

CATHAY GENERAL BANCORP
Form DEF 14A
April 13, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

CATHAY GENERAL BANCORP

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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No fee required.

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(1) Amount Previously Paid:

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Date Filed:

To Our Stockholders:

We are pleased to invite you to attend the annual meeting of stockholders of Cathay General Bancorp. The meeting will be held on Monday, May 15, 2017, at 5:00 p.m., local time, at 9650 Flair Drive, El Monte, California 91731.

At the meeting, you will be asked to elect four Class III directors to serve until 2020, to vote on an advisory (non-binding) resolution to approve our executive compensation, and to ratify the appointment of KPMG LLP as our independent registered public accounting firm for the 2017 fiscal year.

Your vote is very important. Whether or not you expect to attend the annual meeting in person, we encourage you to cast your vote via the Internet, by telephone, or if you prefer, by completing, signing, and returning your proxy card in the accompanying return envelope. Specific instructions for voting via the Internet or by telephone are stated on the proxy card. If you hold your shares through an account with a brokerage firm, bank, or other nominee, please follow the instructions you receive from them to vote your shares. Your cooperation is appreciated since a majority of the outstanding shares of our common stock must be represented, either in person or by proxy, for us to transact business at the meeting.

We look forward to seeing you at the meeting.

Sincerely yours,

Dunson K. Cheng
Executive Chairman of the Board

Los Angeles, California

April 13, 2017

Notice of Annual Meeting of Stockholders

to be Held on May 15, 2017

Notice is hereby given that the annual meeting of stockholders of Cathay General Bancorp will be held on Monday, May 15, 2017, at 5:00 p.m., local time, at our offices located at 9650 Flair Drive, El Monte, California 91731, for the following purposes:

1. To elect four Class III directors to serve until the 2020 annual meeting of stockholders and until their successors have been elected and qualified;
2. To vote on an advisory (non-binding) resolution to approve our executive compensation;
3. To ratify the appointment of KPMG LLP as our independent registered public accounting firm for the 2017 fiscal year; and
4. To transact such other business as may properly be brought before the meeting or any adjournments or postponements of the meeting.

The Board of Directors has fixed April 3, 2017, as the record date for the meeting. Only holders of record of our common stock at the close of business on the record date are entitled to receive notice of and to vote at the meeting.

Please cast your vote via the Internet, by telephone, or by completing, signing, and returning your proxy card in the accompanying return envelope. If you mail the envelope in the United States, it does not require postage. **It is important that you vote via the Internet, by telephone, or by returning your proxy card promptly even if you plan to attend the annual meeting in person.**

We invite you to attend the meeting in person. If you attend, you may choose to vote in person at the meeting. If you do so, your prior voting instructions will be disregarded.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held on May 15, 2017. This proxy statement and Cathay General Bancorp's Annual Report for the year ended December 31, 2016 are also available free of charge electronically at <https://www.cathaybank.com/Cathay-General/Annual-Meeting-Materials> and will remain available on the website through the conclusion of the meeting of stockholders.

By Order of the Board of Directors,

Lisa L. Kim
Secretary

Los Angeles, California

April 13, 2017

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PROXY STATEMENT SUMMARY

This summary highlights information contained elsewhere in this proxy statement. This summary is designed as an aid and does not contain all of the information that you should consider in deciding how to vote. As such, you should read this entire proxy statement carefully before voting.

Annual Meeting of Stockholders

Date and Time: Monday, May 15, 2017, 5:00 p.m., local time

Place: Cathay Bank Corporate Center
9650 Flair Drive, El Monte, California 91731

Record Date: April 3, 2017

Voting: Holders of record of our common stock at the close of business on the record date.

Attendance: Stockholders and their duly appointed proxies may attend the meeting.

Proposals and Voting Recommendations

Proposal	Board Recommendation	Page
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Proposal One—Election of Directors

The first proposal is to elect four Class III directors to serve until the 2020 annual meeting of stockholders and their successors have been elected and qualified. The following table provides summary information about each nominee.

Name of Nominee	Age	Principal Occupation	Director Since
Nelson Chung	64	President of Pacific Communities Builder, Inc.	2005
Felix S. Fernandez	66	Retired Banker	2013
Ting Y. Liu	80	Retired Investor	2003
Richard Sun	64	President of SSS Development, Inc., and Mayor and Council Member of the City of San Marino	N/A

Proposal Two—Advisory (Non-Binding) Vote to Approve our Executive Compensation

Section 14A of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), enables our stockholders to vote to approve, on a non-binding basis, the compensation of our Named Executive Officers, as disclosed in this proxy statement in accordance with the rules of the Securities and Exchange Commission. Accordingly, the Board of Directors is submitting the following resolution for stockholder consideration:

“RESOLVED, that the compensation paid to our Named Executive Officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the compensation tables, and any related material disclosed in this proxy statement, is hereby APPROVED.”

Proposal Three—Ratification of the Appointment of Independent Registered Public Accounting Firm

We are asking our stockholders to ratify the appointment of KPMG LLP (“KPMG”) as our independent registered public accounting firm for our 2017 fiscal year. Although ratification is not legally required, we are submitting the appointment of KPMG to our stockholders for ratification in the interest of good corporate governance. In the event that this appointment is not ratified, the Audit Committee of the Board of Directors will reconsider the appointment.

Proxy Statement

Annual Meeting of Stockholders

May 15, 2017

The Board of Directors of Cathay General Bancorp (the “Board”) is furnishing this proxy statement to the holders of record of our common stock to solicit proxies for use at our 2017 annual meeting of stockholders and any adjournments or postponements of the meeting. In this proxy statement, “Bancorp,” “we,” “us,” and “our” refer to Cathay General Bancorp, a Delaware corporation. This proxy statement and the enclosed proxy card were first mailed to stockholders on or about April 13, 2017.

INFORMATION ABOUT THE ANNUAL MEETING

What is the purpose of the annual meeting? At the meeting, our stockholders will be asked to:

1. Elect four Class III directors to serve until the 2020 annual meeting of stockholders and their successors have been elected and qualified;
2. Vote on an advisory (non-binding) resolution to approve our executive compensation;
3. Ratify the appointment of KPMG LLP as our independent registered public accounting firm for the 2017 fiscal year; and
4. Transact such other business as may properly be brought before the meeting or any adjournments or postponements of the meeting.

When and where will the annual meeting be held? The annual meeting will be held on May 15, 2017, at 5:00 p.m., local time, at our offices located at 9650 Flair Drive, El Monte, California 91731.

Who can attend the annual meeting? All stockholders and their duly appointed proxies may attend the meeting.

INFORMATION ABOUT VOTING AND PROXIES

Who is entitled to vote at the annual meeting? The Board has fixed April 3, 2017, as the record date for the meeting. Only holders of record of our common stock at the close of business on the record date are entitled to receive notice of and to vote at the meeting. On the record date, 79,811,679 shares of our common stock were outstanding.

How many shares must be present to transact business at the meeting? The presence in person or by proxy of the holders of a majority of the outstanding shares of our common stock is necessary to transact business at the meeting. Abstentions and broker non-votes will be counted as present for this purpose. If the shares represented at the meeting are not sufficient to

transact business, we may adjourn or postpone the meeting to permit the further solicitation of proxies.

What are broker non-votes? The term “broker non-votes” generally refers to shares that are held by a broker or other nominee in its name for the benefit of its clients but that cannot be voted because the broker or nominee is precluded from voting on certain matters and has not received voting instructions from the beneficial owner on those matters.

How many votes am I entitled to? Each stockholder of record is entitled to one vote for each share of our common stock registered in the stockholder’s name. Shares may not be voted cumulatively for the election of directors or otherwise.

What is the difference between a “stockholder of record” and a “beneficial owner?” These terms describe how your shares are held. If your shares are registered directly in your name with our transfer agent, then you are a “stockholder of record” of those shares. As a stockholder of record, you have the right to vote by proxy via the Internet, by telephone, by mail, or in person at the meeting.

If your shares are held in an account by a broker, bank, trust company, or other similar organization, then you are a “beneficial owner” of those shares and the organization holding your shares is considered the “stockholder of record” for purposes of voting at the meeting. If you are a beneficial owner, you have the right to direct the organization holding your shares on how to vote the shares held in your account.

How do I vote my shares? If you are a stockholder of record, there are four ways to vote:

In Person. You may vote in person at the annual meeting. You must bring valid picture identification and may be requested to provide proof of stock ownership as of the record date.

Via the Internet. You may vote by proxy via the Internet by following the instructions provided in the proxy card.

By Telephone. You may vote by proxy by calling the toll free number found on the proxy card.

By Mail. You may vote by proxy by filling out the proxy card and returning it in the enclosed postage-prepaid envelope.

If you vote via the Internet, by telephone, or properly complete and mail the proxy card, and we receive it on or before the voting date, your shares will be voted as you direct. Even if you plan to attend the meeting in person, we encourage you to cast your vote by via the Internet, by telephone, or if you prefer, by completing, signing, dating, and returning the proxy card.

If you are a beneficial owner, you have the right to direct the organization holding your shares on how to vote the shares held in your account. If you wish to vote in person at the meeting, you must obtain a valid proxy from the organization holding the shares giving you the right to vote at the meeting. If you hold your shares in a brokerage account and do not give voting instructions to your broker on proposals that are considered “non-routine,” your broker cannot vote them for you and your shares will be treated as broker non-votes. At the meeting, Proposal Three (Ratification of the Appointment of Independent Registered Public Accounting Firm) involves matters that we believe will be considered “routine,” while Proposal One (Election of Directors) and Proposal Two (Advisory (Non-Binding) Vote to Approve Our Executive Compensation) involve matters that we believe will be considered “non-routine.”

Therefore, it is important that you provide voting instructions for all proposals.

What if I don't vote for some of the items listed in this proxy statement? If you are a stockholder of record and return your signed proxy card, or vote via the Internet or by telephone, the proxy holders will vote your shares, with respect to the items

without specific voting instructions, according to the recommendations of the Board. The Board has designated Heng W. Chen and Lisa L. Kim, and each of them individually, with power of substitution, as proxy holders.

May I change my vote? Yes. If you are a stockholder of record, you may revoke your proxy at any time before it is exercised by filing a written notice of revocation with our Secretary, by delivering to our Secretary a later signed and dated proxy card, or by a later dated vote via the Internet or by telephone. The deadline to vote via the Internet or by telephone is 11:59 p.m., Eastern Time, on May 14, 2017. You may also revoke your proxy if you are present at the meeting and vote in person. Attendance at the meeting will not cause any previously granted proxy to be revoked unless you specifically make that request. Unless you decide to attend the meeting and vote in person, we recommend that you change or revoke your prior instructions in the same manner as you originally gave them and provide enough time for the new voting instructions to reach us before the meeting begins. Once the meeting begins, you may only change or revoke your proxy in person.

How are the shares held by the Cathay Bank Employee Stock Ownership Trust (ESOPT) voted? Each participant of the Cathay Bank Employee Stock Ownership Plan has the power to direct the vote of the shares allocated to his or her account by providing voting instructions. Charles Schwab Bank, as Trustee of the ESOPT, will vote the shares allocated to a participant's account as directed by the participant and, if no direction is received, in the same proportion of the stock voted by the Trustee on any matter as to which it has received timely directions.

How does the Board recommend that I vote? The Board unanimously recommends that you vote your shares as follows:

FOR EACH NOMINEE as Class III directors as specified under Proposal One,

FOR the advisory (non-binding) resolution to approve our executive compensation as specified under Proposal Two, and

FOR ratification of the appointment of KPMG LLP as our independent registered public accounting firm as specified under Proposal Three.

None of our directors have informed us in writing that he or she intends to oppose any action intended to be taken by us at the annual meeting.

What is the vote required to elect directors and approve the other proposals?

Proposal One (Election of Directors)

The nominees receiving a majority of votes cast at the meeting will be elected as directors. A majority of votes cast means the number of votes cast “for” the director’s election exceeds the number of votes cast “against” that director’s election. Abstentions and broker non-votes will not count as either “for” or “against” votes, so abstentions and broker non-votes will have no effect on the election of a director. If an incumbent director nominee fails to receive the requisite vote in an uncontested election, that director must offer to resign. Our Nomination and Governance Committee and the Board will then act on the tendered offer to resign in the best interest of Bancorp.

Proposal Two (Advisory (Non-Binding) Vote to Approve our Executive Compensation)

The affirmative vote of a majority of our shares of common stock present in person or represented by proxy and entitled to vote at the meeting is required to approve Proposal Two. Abstentions will be treated as present and entitled to vote and therefore will have the same effect as a vote against this proposal. Broker non-votes will not affect the outcome of the advisory vote.

Proposal Three (Ratification of the Appointment of Independent Registered Public Accounting Firm)

The affirmative vote of a majority of our shares of common stock present in person or represented by proxy and entitled to vote at the meeting is required to approve Proposal Three. Abstentions will be treated as present and entitled to vote and therefore will have the same effect as a vote against this proposal. Broker non-votes will not affect the outcome of the vote.

Who will serve as inspector of elections? The inspector of elections for the meeting will be a representative of American Stock Transfer and Trust Company, LLC. Under Delaware law, the inspector of elections will rule on the proxies and ballots submitted and may consider evidence deemed to be reliable to reconcile proxies and ballots submitted by or on behalf of banks, brokers, their nominees, or similar persons that represent more votes than the holder of a proxy is authorized by the stockholder of record to cast, or more votes than the stockholder holds of record.

What happens if additional matters are presented at the meeting or a nominee is unable to serve as a director?

As of the date of this proxy statement, the Board knows of no matters to be brought before the meeting other than the proposals specifically listed in the notice of annual meeting of stockholders. Nevertheless, if further business is properly presented, the proxy holders named in the enclosed proxy card will vote the shares in their discretion in accordance with their best judgment.

If any nominee for director named in this proxy statement becomes unavailable for any reason, or if any vacancy on the Board occurs before the election, the shares represented by any proxy voting for that nominee will be voted for the person who may be designated by the Board to replace the nominee or to fill that vacancy on the Board. However, at the date of this proxy statement, the Board does not believe that any nominee will be unavailable or that any vacancy will occur.

How will proxies be solicited and who will pay for the solicitation? We will pay the cost of this solicitation of proxies. In addition to use of the mail, the officers, directors, and employees of Bancorp and its subsidiaries may solicit proxies personally or by telephone, facsimile, or electronic means. These individuals will not be specially compensated for these solicitation activities. Arrangements will also be made with brokerage firms and certain other custodians, nominees, and fiduciaries for forwarding solicitation materials to the beneficial owners of shares held of record by these persons, and we will reimburse them for their reasonable expenses incurred in forwarding these materials.

What happens if the meeting is adjourned or postponed? Your proxy will remain valid and the shares may be voted at any adjourned or postponed meeting. You will still be able to change your vote or revoke your proxy until the voting occurs.

Do I have rights or appraisal or similar rights of dissenters with respect to any matter to be acted upon at the annual meeting? None of the proposals to be acted upon at the annual meeting and discussed in this proxy statement carry rights of appraisal or similar rights of dissenters.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

Based on the contents of reports filed with the Securities and Exchange Commission (“SEC”) pursuant to Sections 13(d) and 13(g) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), we believe the entities listed below are the only beneficial owners of more than five percent of our common stock as of April 3, 2017.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership of Common Stock	Percentage of Common Stock Beneficially Owned ^{1/}
BlackRock, Inc. 55 East 52 nd Street, New York, NY 10055	7,632,363 ^{2/}	9.56 %
The Vanguard Group, Inc. 100 Vanguard Blvd., Malvern, PA 19355	6,796,538 ^{3/}	8.52 %
FMR LLC 245 Summer Street, Boston, MA 02210	5,006,010 ^{4/}	6.27 %
Dimensional Fund Advisors LP Building One, 6300 Bee Cave Road, Austin, TX 78746	4,045,245 ^{5/}	5.07 %

^{1/} The ownership percentage is determined by dividing the number of shares shown in this table by the 79,811,679 shares of Bancorp common stock outstanding as of April 3, 2017.

All information regarding BlackRock, Inc. is based on an amendment to Schedule 13G filed with the SEC on January 23, 2017. BlackRock, Inc., a parent holding company, reported that through its subsidiaries, BlackRock (Netherlands) B.V., BlackRock Advisors, LLC, BlackRock Asset Management Canada Limited, BlackRock Asset Management Ireland Limited, BlackRock Asset Management Schweiz AG, BlackRock Financial Management, Inc., ^{2/} BlackRock Fund Advisors, BlackRock Institutional Trust Company, N.A., BlackRock International Limited, BlackRock Investment Management (Australia) Limited, BlackRock Investment Management (UK) Ltd, BlackRock Investment Management, LLC, and BlackRock Japan Co Ltd, had sole dispositive power over all the shares indicated and sole voting power over 7,457,741 shares.

^{3/} All information regarding The Vanguard Group, Inc. is based on an amendment to Schedule 13G filed with the SEC on February 10, 2017. The Vanguard Group, Inc., an investment adviser, reported that it had sole dispositive power over 6,704,326 of the shares indicated, shared dispositive power over 92,212 shares, shared power to vote 7,375 shares, and sole power to vote 88,870 shares. Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 84,837 of the shares indicated as a result of its serving as

investment manager of collective trust accounts. Vanguard Investments Australia, Ltd., a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 11,408 of the shares indicated as a result of its serving as investment manager of Australian investment offerings.

All information regarding FMR LLC is based on an amendment to Schedule 13G filed with the SEC on February 14, 2017. FMR LLC, through Fidelity Management & Research Company, a wholly-owned subsidiary, reported that it had sole dispositive power over all the shares indicated and sole voting power over 258,810 shares. Fidelity Management & Research Company acts as investment advisor to various investment companies registered under the Investment Company Act of 1940. Neither FMR LLC nor Abigail P. Johnson has the sole power to vote or direct the voting of the shares owned directly by these investment companies, which power resides with their boards of trustees. Fidelity Management & Research Company carries out the voting of the shares under written guidelines established by these boards of trustees. Through their ownership of voting common shares and a shareholders' voting agreement, members of the Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR LLC.

All information regarding Dimensional Fund Advisors LP is based on Schedule 13G filed with the SEC on February 9, 2017. Dimensional Fund Advisors LP, an investment advisor, reported that it had sole dispositive power over all of the shares indicated and sole power to vote 3,940,349 shares. It furnishes investment advice to four investment companies registered under the Investment Company Act of 1940 and serves as investment manager to certain other commingled funds, group trusts and separate accounts. In certain cases, its subsidiaries may act as advisor or sub-advisor to certain of these funds. In its role as investment advisor, sub-advisor, and/or manager, it may be deemed to be the beneficial owner of the shares held by these funds, but the shares are owned by the funds and it disclaims beneficial ownership of such shares.

As of April 3, 2017, our directors, director nominees, and executive officers as a group beneficially owned 4,597,975 shares of our common stock. The individual security ownership of our directors, director nominees, and named executive officers can be found in “Security Ownership of Nominees, Continuing Directors, and Named Executive Officers.” Our directors and executive officers have informed us that they intend to vote according to the recommendations of the Board.

As of April 3, 2017, the Cathay Bank Employee Stock Ownership Trust (the “ESOPT”) held 899,697 shares of our common stock. All the shares of our common stock held by the ESOPT have been allocated among the participants of the Cathay Bank Employee Stock Ownership Plan. Charles Schwab Bank, as Trustee of the ESOPT, will vote the shares allocated to a participant’s account as directed by the participant and, if no direction is received, in the same proportion of the stock voted by the Trustee on any matter as to which it has received timely directions.

PROPOSAL ONE ELECTION OF DIRECTORS

Under our certificate of incorporation and bylaws, the Board may consist of between three and 25 directors, and the number within the range may be changed from time to time by the Board. The Board currently consists of 12 directors, each of whom is also a director of Cathay Bank, a California-chartered bank and wholly-owned subsidiary of Bancorp.

The Board has three classes of directors and our bylaws provide that the number of directors in each class should be as nearly equal in number as possible. The term of office of each class of directors is three years. The current term of the Class III directors will expire at the 2017 annual meeting of stockholders and, if elected at the 2017 annual meeting, the new term will expire at the 2020 annual meeting of stockholders. The current term of the Class I directors will expire at the 2018 annual meeting of stockholders. The current term of the Class II directors will expire at the 2019 annual meeting of stockholders.

Stockholders are being asked to elect four Class III directors. The Class III directors will hold office until the 2020 annual meeting of stockholders and their successors have been elected and qualified. The Board, based on the recommendation of the Nomination and Governance Committee and the unanimous vote of all independent directors of the Board, has nominated Nelson Chung, Felix S. Fernandez, Ting Y. Liu, and Richard Sun to serve as Class III directors. All of the nominees, except for Richard Sun, are currently directors of Bancorp and Cathay Bank, and have served continuously in these capacities since the dates indicated in the table below.

YOUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR EACH NOMINEE (NELSON CHUNG, FELIX S. FERNANDEZ, TING Y. LIU, AND RICHARD SUN) AS CLASS

III DIRECTORS.

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Security Ownership of Nominees, Continuing Directors, and Named Executive Officers

The following table sets forth: