

# 2021 Corporate Responsibility Report



**Top 50  
Public  
Banks 2021**

**S&P Global  
Market Intelligence**

**Founded:**

**1962**

**Nasdaq:**

**CATY**

**Branch  
Outlets:**

**60**

California, New York,  
Washington, Texas, Illinois,  
Massachusetts, Maryland,  
Nevada, New Jersey,  
Hong Kong

**Overseas  
Representative  
Offices:**

**3**

Beijing, Shanghai, Taiwan

**Employees:**

**1,156**

**Assets:**

**\$20.9B**

**Deposits:**

**\$18.1B**

**Loans:**

**\$16.3B**

## Who We Are

Cathay General Bancorp (Bancorp) is the publicly traded company of Cathay Bank.

Established in 1962, Cathay Bank is a commercial bank founded in Los Angeles, California, to satisfy the financial needs of the growing immigrant community and to make a difference. As we have grown over the years, so has the diversity of our clients.

We thrive by cultivating a community united by a shared drive to create and build lives. Today, Cathay Bank operates across the United States, in California, New York, Illinois, Washington, Texas, Maryland, Massachusetts, Nevada, and New Jersey. Internationally, we operate a full-service branch in Hong Kong, and with a representative office in Beijing, Shanghai and Taipei.

Information as of December 31, 2021.



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## Letter From Our President and CEO



I am pleased to share with you our first Corporate Responsibility Report. This report addresses areas we believe to be critical to the success of our company, speaks to the foundation of our corporate culture and how it promotes long-term value through corporate environmental, social and governance responsibilities.

2021 has been a remarkable year for Cathay, in which we achieved a record net income of \$298.3 million and surpassed \$20 billion in assets. Much credit goes to our team members, who, in the face of many challenges, persevered in the work of meeting client needs, whether remotely or through in person access with safety protocols. Their dedication is our greatest asset.

Cathay Bank was founded in Los Angeles in 1962 to provide financial services to the underserved community. We opened our doors to opportunities to help clients, team members and communities thrive. Throughout our history, we believe that diversity and inclusion and supporting our community to be a fundamental part of our success.

We believe members from a diverse professional and personal background bring distinct viewpoints and perspectives that can effectively represent the communities in which we work. People of color now represent 94% of our overall work force and 66% of our team members are women. Our 12-member Board of Directors consists of 11 members of minority descent and a quarter of the Board seats are held by women. We also promote diversity and inclusion among our suppliers through the Cathay Bank Vendor Diversity Program. The program promotes the use of suppliers owned by minority, women, and small businesses, to help contribute to the long-term economic sustainability in our communities.

Our commitment to diversity and inclusion extends to our community and environment. We invest in affordable housing and offer community checking and affordable home ownership programs. We work with community organizations to provide vital resources in form of grants and volunteer hours to support the needs in our community, promote financial literacy and help plan for a better future. We have demonstrated how to be more energy efficient and environmentally conscious as we conduct our everyday business and will continue to take actions to improve the efficiency and sustainability of our operations, while minimizing our impact on the environment.

As we celebrate our 60th anniversary in 2022 and continue to evolve with our clients and communities, we remain true to our history, culture, and aspiration. To create a sustainable business and yield long-term value for our stockholders we must act responsibly as corporate citizens, be thoughtful as we conduct our daily business, maximize the use of resources while we work to achieve a positive impact towards our communities and a better tomorrow for our future generations. We hope this report provides you with a better understanding of our business philosophy and we look forward to continue sharing our progress with you.

**Chang M. Liu**  
President and CEO  
Cathay General Bancorp

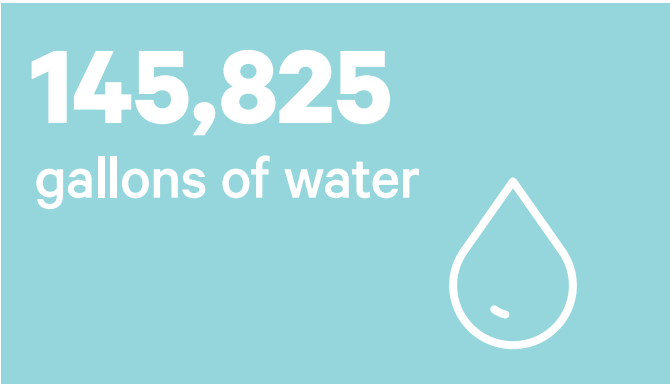
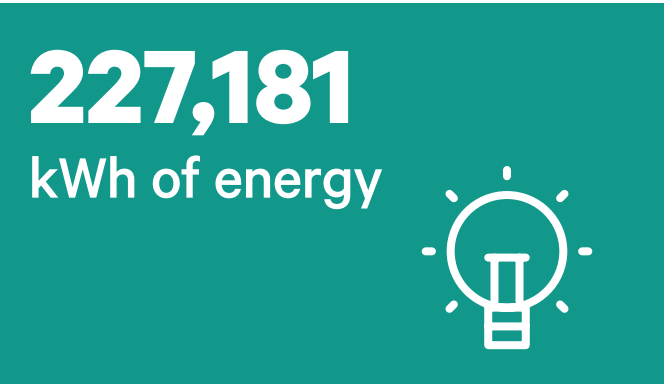
# Environment

We are confronted with increasing environmental challenges every day. We recognize the need to conduct business in a manner that contributes to a reduced impact on our environment. We have in place sustainability initiatives throughout our business operations and continue to seek out ways to reduce our carbon footprint.



## The Way We Operate

We encourage paperless transaction in the workplace. We supply our employees with dual monitors to reduce the need for print documents, set printers to print on both sides to conserve paper, and make good use of electronic forms and submission in lieu of legacy paper process. In 2021, by shredding, recycling, and encouraging paperless transaction in our office operations, we have saved:





**LED**  
lighting used

**\$165M**  
invested in  
alternative  
energy

**600K**  
gallons of  
water saved

Other environmental efforts we have put in place:

- Use of LED lighting around our offices and branches to achieve lower energy consumption.
- Installation of a solar power system at our corporate center in suburban Los Angeles that generates an average of 500,000 kilowatts of electricity annually.
- Installation of water-efficient fixtures that saves an estimated of 600,000 gallons of water annually.
- Installation of electric vehicle charging stations at our facilities to support the use of zero-emission vehicles by employees, clients and the public.
- We encourage our employees to rideshare, use public transportation or zero-emission vehicles through a qualified Southern California Air Quality Management District rideshare program.
- Use of a hybrid work-from-home model, invest in conferencing technology and advocate the use of teleconference and video conference to reduce the need for business travel.
- Since 2015, we have been a solar energy tax equity investor, and as of December 31, 2021, we have invested in six solar energy projects totaling \$165 million.

## The Way We Do Business

We encourage clients to use online banking to help reduce paper consumption, branch travel time and other consumables to reduce harmful carbon emissions. In 2021, 54% of online banking clients opted to receive electronic statements in lieu of paper. Business online banking engagement increased by 3% and personal online banking engagement increased by 8%, compared to 2020.

We engage with industries that have substantial and direct impact on environment through our lending practices. We lend to low-carbon energy businesses such as wind and solar. We have been providing financing to solar and other renewable energy developments since 2011. Our financing programs include project installation bridge loans, revolving line of credit for solar developers and investors to support their project development, and term loan financing to specific project investments.

As of the end of 2021, we have provided planning, development and construction

financing of \$38 million in solar projects for shopping centers, schools, hospitals, prisons, and standalone utility facilities.

In 2021, we expanded financing to other renewable energy source. We provided a \$2.38 million loan for the purchase of equipment to convert methane gas generated in landfills managed by the Los Angeles Bureau of Sanitation into electricity, and a \$10 million line of credit to a certified and licensed energy provider that offers clean and affordable energy solutions to companies, municipalities, and utilities.



# Community Engagement

We work to improve the welfare of our communities through the support of local community organizations with initiatives that focus on affordable housing, home ownership, financial literacy, workforce development and small businesses in low-to moderate-income (LMI) areas.



# Investment in Affordable Housing

We support the development of affordable housing through investing in low-income housing tax credit (LIHTC) projects. These projects are intended to increase the availability of low-income rental housing. We have been investing in LIHTC projects since 2004. As of December 31, 2021, we invested \$497 million to help finance the acquisition, construction, and rehabilitation of affordable rental housing for LMI tenants.



**\$497M**  
invested in  
affordable  
housing

## Affordable Homeownership and Banking Products

### Community Homebuyers Program and Downpayment Assistance Program

Cathay Bank offers the Community Homebuyers Program (CHBP) to qualified first-time homebuyers designed to provide flexibility and lower downpayment for LMI clients. In 2021, we approved 36 loans totaling \$13.76 million.

Applicants who qualify for the CHBP may also be eligible for a grant under our Down Payment Assistance (DAP) program. This grant can be used towards the down payment and/or closing costs. The maximum grant amount is two percent of the home purchase price and does not require repayment or any collateral. In 2021, we approved 27 DAP grants totaling \$220,000.



Dear Lupe,  
Sept August 2021  
Thank you so much for helping to make our dream come true! We are still in disbelief that we have the keys to our first home. You were so integral in making this happen and we can't thank you enough. As first time homebuyers this is the biggest purchase of our lives so far and the whole loan approval process was so intimidating. Thank you for being patient with us and answering our many questions. Your help made us feel confident that we understood the terms of our loan and turned something that could be scary into an experience that made us feel empowered. Thank you for being our guide through this process.  
With gratitude,  
Kelvin & Karen Padua



### Community Checking

Cathay Bank offers community checking account, a no-cost deposit account designed to help LMI individuals plan for their financial future. This product works in conjunction with participating community organizations. To open the account, the individual must first complete the required financial literacy education through a participating local community organization. Upon completion of the course, the individual will present the Certificate of Participation to our branch to open the account.

### Federal Home Loan Bank San Francisco (FHLB) Community Programs

Cathay Bank is a participant in various FHLB community programs, including the Access to Housing and Economic Assistance for Development (AHEAD) Grant, the Affordable Housing Program (AHP) General Fund, and the Workforce Initiative Subsidy for Homeownership (WISH). These programs offer access to funding for affordable housing development and preservation, to facilitate sustainable homeownership and to boost economic development activity.

## Small Business Lending

We support small businesses. We are committed to provide 50% of all small business loans (SBL) to businesses with a gross annual revenue of \$1 million or less or in loan amounts of less than \$150,000 per loan. We have in place a referral program with the Community Development Financial Institutions (CDFI) and other organizations that aim to improve and enhance access to capital in low-income communities through small business lending and technical assistance.

Year	Total amount of SBL originated in assessment areas	Number of SBL originated in assessment areas	% of SBL made in LMI geographies	% of SBL made to businesses with gross annual revenues of \$1 million or less
2019	\$243 million	832	38.4%	54.4%
2020	\$370 million	2,388	36.9%	52.6%
<b>2021</b>	<b>\$327 million</b>	<b>2,194</b>	<b>36.1%</b>	<b>47.7%</b>

## Supplier Diversity Program

We promote diversity and inclusion among our suppliers and vendors. Through the Cathay Bank Vendor Diversity Program, we foster diversity and inclusion among our supplier and vendor base to contribute to the long-term economic sustainability in our communities. We maintain a database of local suppliers in support of minority-owned, women-owned businesses and small businesses competing for procurement of goods and services.






## Philanthropy and Community Support

We provide charitable donations through grants and encourage our employees to volunteer service hours to support our community and local organizations with a common goal of enhancing the wellness of the community. We focus these efforts on affordable housing, financial literacy, workforce development and technical assistance for small businesses in LMI areas.



**\$3.4M**  
charitable  
donation



**1,500+**  
hours and **160**  
employees in  
volunteer work



**228+**  
organizations  
supported

in CA, NY, IL, WA, TX, MD,  
MA, NV, NJ




### Financial Literacy and Volunteer Service

We provide financial literacy educational tools and resources to youths and adults in our communities. We encourage employees to volunteer with paid time off. In 2021, we committed at least 6 annual service hours per officer employee.

Through collaboration with many local community organizations, our employees actively participate in volunteer services on financial literacy education. The curriculum includes education on the various types of banking

services, how to open and use bank accounts, create and follow a personal spending plan through budgeting, the importance of saving money and managing debt, when and how to use credit responsibly, and identity protection. Our employees also provide assistance in preparing tax returns for LMI taxpayers, technical assistance to small businesses, conduct mock interviews with youths and review college scholarship applications for LMI high school students. In 2021, 160 employees spent more than 1,500 volunteer service hours assisting our community.

## Donations and Grants

We work with various organizations through strategic relationship development to improve the social, economic, educational, cultural and overall wellness of our communities.

In 2021, the Cathay Bank Foundation offered \$2.4 million in grants to 228 community organizations to support financial literacy efforts, affordable housing, pandemic relief, and has made a \$1 million commitment to specifically combat anti-Asian violence. In the same year, Cathay Bank provided \$50,000 in grants to cover pre-development cost associated with two new affordable housing developments, \$75,000 in loan loss reserves grants to three Community Development Financial Institutions



(CDFI), and a total of \$100,000 to nine organizations for technical assistance and training to assist small businesses and minority business owners develop a business plan.

Some of the many community organizations we work with include:



## Other Community Support

The Bank hosts various drives throughout the year to benefit local communities and organizations:

- **Annual toy drive**—employees donated toys for LMI children, who might not otherwise receive a toy in the holiday season.
- **Back to school drive**—employees donated school supplies for LMI students.
- **Welcome home kits for transitional families**—employees donated various household items to LMI families moving into their apartments.
- **Annual Scholarship Program**—invests in young adults to further their education.

20 high school seniors each received a \$1,000 scholarship towards tuition as a full-time college student in the upcoming fall semester.

- **Walk for Hope**—Cathay Bank is a long-time supporter of the City of Hope Walk for Hope fundraising drive. Since 2008, through Bank and employee donations, the Bank has helped City of Hope meet its annual funding goals. In 2021, Team Cathay Bank raised more than \$45,000, contributing to the overall campaign that raised \$2.5 million, more than City of Hope's \$2 million goal.



# Our People

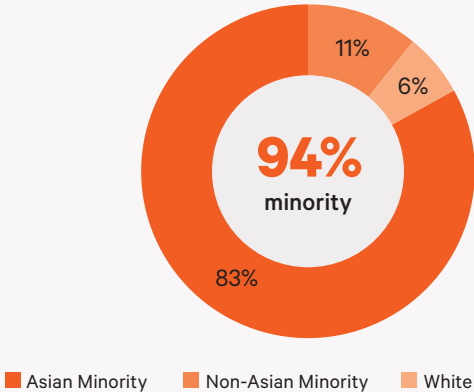
Our people are a vital part to the success of the company. We aim to acquire the right talent in the right place and at the right time. To achieve this level of value creation, we strive to find, develop and keep a world-class workforce. We invest in our employees through the infusion of quality training and learning opportunities, promote inclusion and diversity, and uphold a high standard of ethics and respect for human rights.



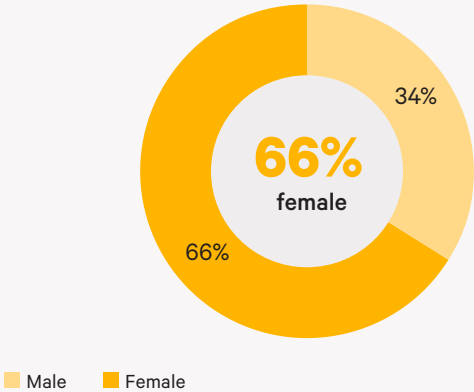
## Diversity and Inclusion

Diversity and inclusion are the cultural hallmarks of Cathay Bank. As a minority depository institution, our workforce comprises of a diverse mixture of genders, races, ethnic backgrounds, religions, sexual orientations, cultures and primary languages. Our commitment to diversity enables us to draw from a remarkable wealth of talent, benefiting from a workforce that offers multiplicity of viewpoints, backgrounds and experiences, in service of our clients.

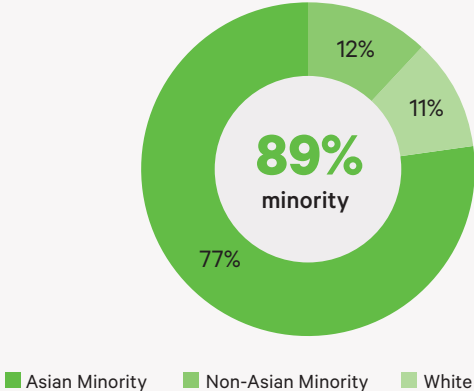
**Total Workforce  
Race Diversity**



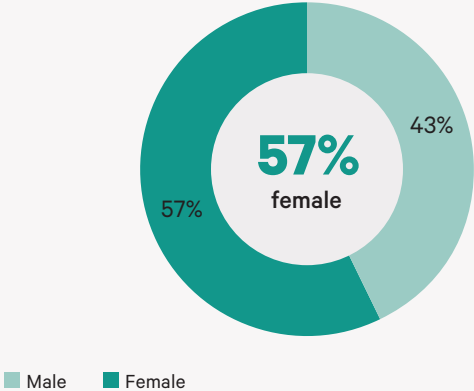
**Total Workforce  
Gender Diversity**



**Manager-Level Officers  
Race Diversity**



**Manager-Level Officers  
Gender Diversity**



## Recruitment and Retention

### Training and Development

We promote the growth and development of our employees. We provide skill-training programs aligned with objectives and framework that focuses on compliance, technical, professional and management development, to help employees identify how their work contributes

to the overall strategy and purpose of the company, and to achieve greater effectiveness in their current and future roles. We offer leadership training programs to prepare our employees for the next step in their careers.



### Relationship Banker Program

Develop relationship banker knowledge in the areas of banking and teller operations, new accounts, basic mortgage, and sales.

### Emerging Leadership Program I

Learn the fundamentals of supervisory and managerial skills and take their leadership development to the next level.

### Operations Career Pathway Program

Designed to boost the confidence and the development of decision making skills of our Assistant Customer Sales & Service Managers, Customer Sales & Service Managers, and Senior Relationship Bankers. An emphasis is placed on understanding the “why” behind certain operational decisions.

### Inspirational Leadership Training

Teach skillsets and tools designed to build stronger rapport and working relationships, enhance efficiency and communication effectiveness among team members to foster a positive work environment while keeping employees motivated, engaged, and inspired.

### Emerging Leadership Program II

Focus on leadership development of senior managers and leaders. This training focuses on the importance of leadership voice, refine ways to communicate with staff to motivate and drive results, and learn about best practices in coaching.

### Officer Training Program

A 10 to 12-month training program, targeting individuals interested in a career in banking and/or financial services. This is an introductory course that provides an overview about the functions of each department within the organization, including rotations in various departments that provides real hands-on experience to the workings of a bank. Upon graduation, the officer trainee will be enrolled in a 12-month Mentorship Program with a senior officer assigned as a mentor.

### Senior Leadership Cohort

A 6-month program with a series of self-assessment and a 360-feedback assessment designed to help communicate more effectively and to address conflict while working to resolve matters in real time or implement company initiatives.

## Employee Engagement

We strive to create an environment of enthusiasm and excellence. We foster optimistic attitudes in our employees and endeavor to make them feel appreciated and valued for their contributions.

We understand the importance of listening to the feedback from our people and we believe that an open line of communication yields better performance and promotes a positive working environment. We invite employee feedback and conduct periodic anonymous employee satisfaction surveys to encourage employee engagement. We use the results to refine our focus and strengthen vulnerable areas to improve our company and how we serve.



## Health and Benefits

To maintain a healthy balance and workplace wellness, employees have access to our signature Well Being Program designed to encourage and support a healthy behavior and lifestyle. Employees who participate in this program can collect wellness points that would translate to discounts on their health insurance premiums. Employee participation rate was 73% as of December 31, 2021. Cathay Bank was rated as one of the best-in-class employers for health-care cost control by the Gallagher's 2019 Benefits Strategy and Benchmarking Survey, consistently achieving below average employee contributions while offering competitive medical and pharmaceutical benefits and incentivizing employee's wellbeing program participation.

We offer competitive salary and benefits package, such as healthcare and 401(k) benefits, parental and family leave, holiday and paid time off, and tuition assistance. We offer an Employee Assistance Program (EAP), provide basic life, basic accidental death and dismemberment (AD&D) and basic long-term disability insurance, Flexible Spending Accounts (FSA), Health Savings Account (HSA), and discounts on shows and amusement park tickets, and certain Bank services. We believe a robust benefits platform will allow our employees to truly grow, engage and elevate to their full potential.

## Business Code and Ethics

We conduct business with the highest ethical standard to merit and maintain the confidence and trust of our clients and the public. Our corporate culture is guided by our code of conduct which addresses the following main topics:

Conflict of interest

Personal conduct

Protection of company and client information

Compliance with laws and regulations

Confidentiality

Anti-corruption and anti-bribery

Anti-Competition behavior

Whistleblower policy

Workplace safety

To uphold our standards and promote an ethical culture at every level, each employee understands the professional standard that is expected of them and acknowledges that they will continue to practice and comply with such standards. Each employee must review and acknowledge, on an annual basis, that

they have reviewed our code of conduct. All employees are required to undergo annual training related to anti-money laundering, anti-bribery and corruption, privacy, cybersecurity, and identity theft, as well as other mandatory training pertinent to their respective roles at the Bank.

# Governance

Our business and affairs are managed under the direction and oversight of our Board of Directors. We are committed to maintaining the highest standards of business conduct and corporate governance. The Board has adopted [Corporate Governance Guidelines](#), which, together with our certificate of incorporation, bylaws, [Code of Ethics](#), and Board committee charters, form the framework for the governance of the company.



## Nomination and Governance Committee

Oversees our commitment to corporate responsibility matters, the development and implementation of corporate responsibility governance framework that includes environmental, social, and governance (ESG) efforts, assist the Board in the review of senior management development and succession planning, board and committee assessments, director qualification, considers board candidates and make recommendations. See [Nomination and Governance Committee Charter](#).

## Audit Committee

Oversees financial reporting integrity, performs independent oversight to the Board, and provides structured, systematic oversight of the company's governance, risk management, and internal control practice, including initiatives for values and ethics. See [Audit Committee Charter](#).

## Compensation Committee

Oversees the compensation philosophy, policies, practices, and implementation for our executive officers and directors, the administration of our equity-based compensation plans. This committee regularly reviews the design and function of the director and executive compensation program to ensure risk appropriation. See [Compensation Committee Charter](#).

## Risk Committee

Oversees enterprise-wide risk management practices and implementation of an appropriate risk management framework that commensurate with our capital structure, risk profile, complexity, activities, size, and other risk-related factors. See [Risk Committee Charter](#). This committee exists alongside the Cathay Bank Risk and Compliance Committee which among other things, oversees and approves its Community Reinvestment Act (CRA) program that determines the level of community and small business lending, investment and service activities and the development and administration of its data governance program.

## Investment Committee

The Investment Committee oversees Bancorp's investment and funds management policies at the holding company level. See [Investment Committee Charter](#). This committee works alongside the Cathay Bank Investment Committee, which establishes, approves, and monitors its investment strategy, such as investment in renewable energy projects.

## Board Diversity, Gender and Experience

The Board values the importance of diversity and is comprised of members from diverse professional and personal backgrounds. We believe that a diverse mix of directors represents a strong Board, where complementary qualifications, expertise, and attributes meet to bring distinct viewpoints and perspectives to effectively contribute to its overall oversight responsibilities.

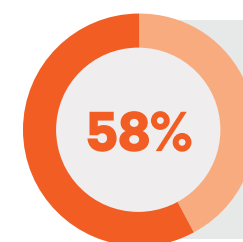


**8 of 12**  
current  
members are  
“independent”  
under the  
Nasdaq Stock  
Market Rules

**11 of 12**  
Board  
members are  
of minority  
descent

**25%**  
Board seats  
are held by  
women

The charts below highlight certain key experiences, qualifications, skills, and attributes of the members of our Board of Directors.



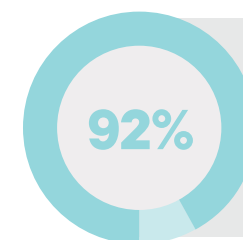
### Technology/Systems

Technology / Systems experience is relevant to the Company as it looks for ways to enhance client experience and internal operations.



### Business Operations

Business Operations experience gives directors a practical understanding of development, implementation, and assessment of the Company’s operating plan and business strategies.



### Risk Management

Risk Management experience is critical to the Board’s role in overseeing the risks facing the Company.



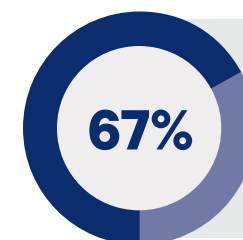
### Leadership

Leadership experience in holding significant leadership roles over an extended period of time provides the Company with unique insights.



### Finance

Finance includes financial expertise and literacy that is important as it assists the directors in understanding and overseeing the Company’s financial reporting and internal controls.



### Real Estate

Real Estate experience is crucial in understanding and reviewing the Company’s business and strategies in lending and investments.

For more information on corporate governance, please refer to our 2022 Proxy Statement.

## Our Locations

### United States

#### California

Alhambra  
Arcadia  
Artesia  
City of Industry  
Cupertino  
Daly City  
Diamond Bar  
Dublin  
El Monte  
Fountain Valley  
Fremont  
Irvine  
Los Angeles  
Millbrae  
Milpitas  
Monterey Park  
Mountain View  
Northridge  
Oakland  
Ontario

Orange  
Rancho Cucamonga  
Richmond  
Rowland Heights  
Sacramento  
San Diego  
San Francisco  
San Gabriel  
San Jose  
San Marino  
San Mateo  
Temple City  
Torrance  
Union City  
West Covina  
Westminster  
**Illinois**  
Chicago  
Westmont  
**Maryland**  
Rockville

#### Massachusetts

Boston

#### Nevada

Las Vegas

#### New Jersey

Edison

#### New York

Brooklyn  
Elmhurst  
Flushing  
New York City

#### Texas

Houston  
Plano

#### Washington

Bellevue  
Kent  
Seattle

### Overseas

Hong Kong

### Overseas

### Representative

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