

Inspired by
our customers.
**Powering
their journey.**

2018 Annual Report



**Cathay
Bank**



More than half a century ago, Cathay Bank opened our doors to serve the growing Chinese American community in Los Angeles. We helped our customers put down new roots with cars and homes. We supported their businesses, which continue to sustain generations. We worked with them to cultivate communities united by a shared drive to create and build lives in Southern California.

Over time, we've expanded along with our customers. Cathay General Bancorp is the holding company for Cathay Bank, and is publicly held (Nasdaq: CATY), with \$16.8 billion in assets.

Cathay Bank has 64 branches across the United States, as well as outposts in Hong Kong, Beijing, Shanghai, and Taipei. While the people we serve have evolved and changed, the spirit of what makes up our customers remains the same. Every one believes in the power of initiative and perseverance. Each aims to achieve what's possible. All strive to live their best lives. And we're happy to work alongside them—providing the tools and services to get them where they want to go.

The journey **continues.**

Personal banking. Home loans. Commercial financing. Every customer is on a journey, ready to achieve what's next.

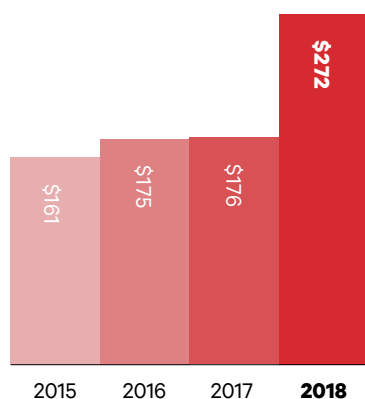
Cathay Bank is here to support these dreams with hard work and heart. Customer experience remains our priority, as it has for more than 50 years. Powered by well-trained employees, Cathay Bank works closely with customers, providing the tools and services to get them where they want to go.

Customers want agility, and we've responded with innovations in digital banking and online mortgage applications. Communities want support, and we've responded with grants and financial literacy workshops. We're inspired by the drive of our customers, and Cathay Bank is here to power their journey.

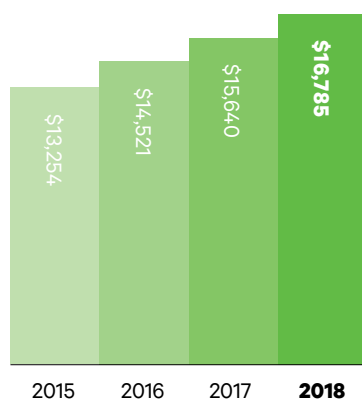
Financial highlights

(Dollars in thousands, except per share data)	2018	2017	Increase/(Decrease)	
			Amount	Percentage
For the Year				
Net income	\$ 271,885	\$ 176,042	\$ 95,843	54.4%
Net income per common share	3.33	2.17	1.16	53.5%
Cash dividends paid per common share	1.03	0.87	0.16	18.4%
At Year-End				
Investment securities	\$ 1,242,509	\$ 1,333,626	\$ (91,117)	(6.8)%
Loans, net	13,871,832	12,743,766	1,128,066	8.9%
Assets	16,784,737	15,640,186	1,144,551	7.3%
Deposits	13,702,340	12,689,893	1,012,447	8.0%
Stockholders' equity	2,121,866	1,973,304	148,562	7.5%
Book value per common share	26.36	24.26	2.10	8.7%
Profitability Ratios				
Return on average assets	1.70%	1.19%		
Return on average stockholders' equity	13.18%	9.10%		
Capital Ratios				
Common equity Tier 1 capital	12.43%	12.19%		
Tier 1 capital ratio	12.43%	12.19%		
Total capital ratio	14.15%	14.11%		
Leverage ratio	10.83%	10.35%		

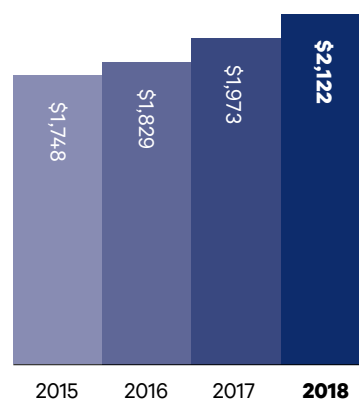
Net Income
(in millions)



Assets
(in millions)



Stockholders' Equity
(in millions)



Dear fellow **stockholders,**

We are pleased to report that Cathay General Bancorp achieved record net income of \$271.9 million for the year, an increase of 54.4% from \$176.0 million in 2017, as well as record earnings per share of \$3.33 in 2018.

Gross loans totaled \$14.0 billion as of December 31, 2018, growing by 8.5% or \$1.1 billion, showing particular strength in residential mortgage loans, with an increase of \$631.8 million, or 20.6%; growth in commercial loans of \$280.7 million, or 11.4%; and commercial mortgage loans increasing \$241.5 million, or 3.7%. Our deposits grew by 8.0%, or \$1.0 billion, for total deposits of \$13.7 billion as of December 31, 2018. Total assets increased by \$1.2 billion to \$16.8 billion as of year-end 2018. Our net interest margin increased to 3.79% in 2018, compared with 3.63% in 2017.

Our capital ratios remain strong and positioned for growth. As of December 31, 2018, our common equity Tier 1 capital ratio of 12.43%, Tier 1 risk-based capital ratio of 12.43%, total risk-based capital ratio of 14.15%, and Tier 1 leverage capital ratio of 10.83%, calculated under the Basel III capital rules, continue to place the Company in the “well capitalized” category for regulatory purposes.

In October 2018, we announced the adoption of an additional share repurchase program, authorizing the Company to repurchase up to \$45,000,000 of the Company’s common stock. We resumed our share buyback program in the fourth quarter 2018, repurchasing 1.1 million shares of our common stock at an average price of \$38.25. We increased our dividend to \$0.31 per share in the fourth quarter of 2018, the fifth increase in four years.

We believe the Cathay business model is clearly working. We are fortunate to have motivated, well-trained employees who continue to deliver a unique banking experience. They reinforce a strong brand identity that attracts new customers while retaining existing customers. Our reputation in the industry has also helped us attract skilled relationship managers who are creating new customer connections. As we invest in training, technology, and brand awareness, our efficiency ratio improved to 44.25% at year-end.

“We are fortunate to have motivated, well-trained employees who **continue to deliver a unique banking experience.**”

The strength of our team creates the confidence needed to pursue our goals, such as frictionless banking and a digital transformation that delivers the best customer experience. In 2018, our Cathay Home Lending online application portal debuted, in order to further solidify our strength in residential mortgages. We provide home mortgages for all types of families, including nonresidents and first-time homebuyers.

We're also focused on financing the American dream, from providing specialized lending for private equity firms supporting the next innovation to working capital lines for companies in the food, healthcare, and entertainment industries. These businesses may be long-standing or newly founded by immigrants, and Cathay Bank continues to support the diversity found in communities in our footprint. The Cathay Bank Foundation augments our commitment to local communities with \$3 million distributed in 2018.

The Cathay Bank team is also sharing another valuable commodity: their time. Employees volunteered for over 4,000 hours helping low- and moderate-income families, youth, teens, and seniors by providing financial literacy programs, workforce development efforts, and supporting community based organizations.

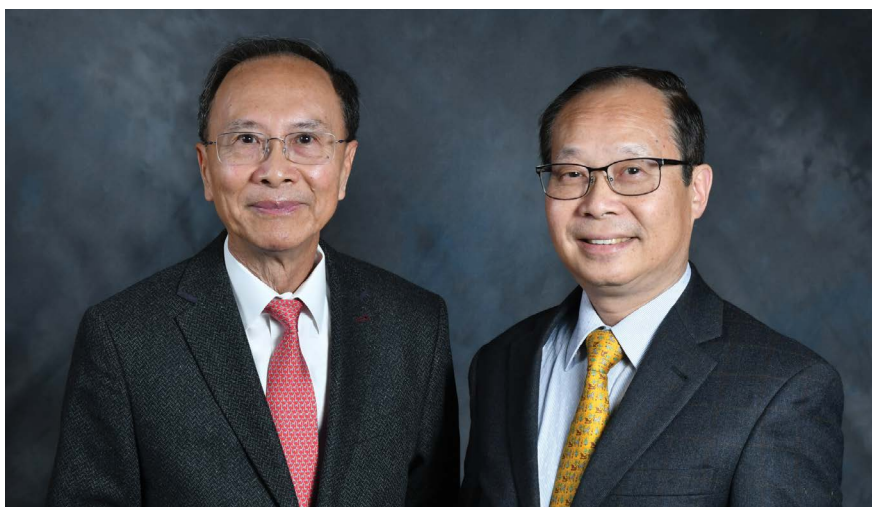
Looking ahead, we are focused on several factors. The U.S.–China trade negotiations continue. Interest-rate trends are unclear. The economy is sending mixed signals about its strength and for how long growth

will continue. And it is more important than ever to maintain a stable, motivated management team and enthusiastic, productive employees. But we are ready to confront any challenge as we always do—with hard work and heart.

We continue to maintain our reputation in the local communities we serve across nine states, as a strong niche bank and Top 10 nationally as ranked by Forbes' 2019 Best Banks in America.

We look forward to another year of growth in 2019. We will diligently watch trends and carefully study data in order to make the best decisions. We will keep an eye on opportunities for optimization of our U.S. footprint in the coming year. And we will always remember that it's a "people business." We will be there for customers. And we will be there for our employees—equipping our people for excellence, developing their talent to seize tomorrow's opportunities.

We would like to thank you, our stockholders, for your consistent trust and confidence. We are grateful that you are part of our journey. And the management team remains dedicated to continuing our track record of stability, growth, and performance.



Sincerely,

Dunson K. Cheng
Executive Chairman of the Board

Pin Tai
CEO and President



The future you envision?
We see it, too.



CEO and President Pin Tai proudly accepted the Corporate Award from the New Jersey Chinese-American Chamber of Commerce, in recognition of Cathay Bank's business achievements and community service.

In collaboration with Operation HOPE and its Founder, Chairman, and CEO John Hope Bryant, Cathay Bank hosts a HOPE Inside financial education office in a separate suite at our Westminster branch location in Orange County, California—the first in an Asian community nationwide.



Milestones and

Cathay Bank collaborates with UCLA Anderson Forecast to produce the quarterly U.S.–China Economic Report. The report provides insights and a future outlook on interactions between the two largest economies in the world.



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Forbes | 2019

BEST BANKS

IN AMERICA

TOP 10

Cathay is ranked #10 on Forbes' "2019 Best Banks in America" list, rising two spots from last year. This is the fourth consecutive year the company has been ranked within the top 20 on the list.



Cathay Bank Foundation distributed \$3 million in 2018. One of many initiatives included HIRE LA's Youth program, a Los Angeles city program creating a pipeline for young Angelenos ages 14 to 24 to have their first job experience.

Foothill Family Services recognized Cathay Bank as its first Corporate Honoree for our philanthropic leadership in the San Gabriel Valley, California, which includes providing customized financial planning seminars to Foothill Family clients and employees.



accomplishments

Boys & Girls Clubs of West San Gabriel Valley, California, selected Cathay Bank as the recipient of its inaugural Corporate Partnership Award, prompted by our continued educational support for students in grades 6 to 12.



Cathay Bank launched a Vendor Diversity Program with the goal of fostering business opportunities for companies owned by minorities, women, LGBTQ persons, the disabled, and veterans. The program includes development of a bank database of local suppliers.





The new Cathay Bank logo was installed at the Corporate Center in November 2018.

Make it personal. Make it powerful.

The Cathay Bank brand experienced a renewal in 2018. Our employees have been successful in bringing our brand promise to life and living our guiding principles: make it personal, inspire confidence, work together, get it done.

The Cathay Bank Walk, located at the Corporate Center in El Monte, California, showcases the bank's founding; growth and expansion; leadership; brand purpose, promise, and guiding principles; community involvement; and employees.



We bring honesty, integrity, and authenticity to every interaction. And we look ahead to future possibilities, focusing on the way to put people on a path to success. This welcoming, flexible approach helps us respond more quickly to customers while adapting more rapidly to a changing marketplace.

Cathay Bank is committed to delivering the best customer experience by demonstrating a genuine interest in the unique background, story, and journey of every customer.

From our economic outlook events and insights in the Cathay Bank | UCLA Anderson Forecast U.S.–China Report to our new museum-quality Cathay Bank Walk exhibition at our Corporate Center, we are committed to sharing our story with existing and new customers alike and introducing them to the Cathay way.



Cathay's Corporate Center is parallel to the 10 Freeway in Los Angeles, and the prominent top-of-building logo signage is visible for miles.

New branches. **True experience.**

Cathay Bank continues to optimize its service network. Three new branches opened in 2018—two in Southern California (Temple City and Irvine Northwood) and one in Seattle, Washington.



The Irvine Northwood Branch—the third Cathay location in Irvine—celebrated its grand opening on November 3, 2018. A live broadcast on Los Angeles radio station KAZN AM 1300 covered the ceremonies at Irvine Northwood and Temple City, held on the same day.



Cathay Bank's success can be attributed to our commitment to strategic leadership and our investment in employee development. The Senior Leadership Cohort Program was initiated to accelerate the development of selected senior leaders—to build successorship and prepare our next generation of leaders.

Cathay Bank is ready to deliver a unique experience. Our new branches bring a new service style to customers, with traditional teller lines being replaced by comfortable reception areas. This setting creates the opportunity for more personalized attention, provided by a Relationship Banker with broad banking knowledge. Personal banking for individuals. Cash management for businesses. Specialized lending for corporate growth.

Knowledgeable team members are another big part of the experience. Cathay Bank is serious about accelerating the development of senior leadership. Cathay Bank also facilitates an annual Officer Trainee Program and Operations Career Pathway Program for customer service and sales managers. Succession planning is a significant challenge in the business world, and Cathay is responding with programs designed to cultivate the next generation of leaders.



The Temple City Branch grand opening on November 3, 2018, included Facebook Live streaming the festivities.



Cathay Mobile Banking Apps for iPhone®, iPad®, and Android™ devices provide convenience and easy access to bank accounts for consumers and businesses.

Customer expectations. **Cathay innovations.**

Digital transformation is a priority at Cathay Bank. Today's customers demand a frictionless banking experience that is fast and easy. We've responded by activating multiple digital initiatives in 2018, including the establishment of a Digital Banking Department.

Social media campaigns attract visitors to follow Cathay Bank on WeChat, the most widely used social media platform in China. Cathay Bank is also on Facebook, LinkedIn, and YouTube.



Follow us on WeChat
关注微信公众号
cathaybankus

Cathay Online Banking helps customers manage finances more efficiently, with a comprehensive set of financial management tools.

The Cathay Home Lending digital mortgage application portal is another powerful tool. Customers can apply for a mortgage loan online, then track loan status, upload documents, and e-sign disclosures from their mobile device. This kind of innovation helps customers manage their finances with greater speed and efficiency.


Important strides were also made with social media in 2018, with the launch of a Cathay Bank WeChat account that features lifestyle articles and other interesting stories. This will create heightened brand awareness among users worldwide, as WeChat is the leading social media platform in China.



Cathay Home Lending provides a convenient, time-saving way to apply for a mortgage online. Users can get a rate quote immediately, and even nonresidents can apply online.

Traditional strengths. **Emerging specialties.**

Commercial real estate and residential lending remain long-standing strengths of Cathay Bank, followed by middle market commercial and industrial (C&I) and specialty lending to drive growth.



Cathay Bank remains a leader in commercial real estate lending, with \$6.7 billion in commercial mortgage loans, \$2.7 billion in commercial loans, and \$581 million in real estate construction loans as of December 31, 2018.



The Professional Loan joins our Smart Business Lending lines of credit and SBA Guaranteed Loan Program, which are all geared to giving small businesses access to capital in order to grow.

2018 saw the first full year of our Oil and Gas Group, focused primarily on reserve-based lending, along with a new Funds Finance lending specialty, providing subscription and bridge capital call financing to fund sponsors. This diversification into different products and industries provides expanded opportunities for our corporate banking division.

Specialty lending requires a different mind-set. So Cathay Bank has assembled diverse teams from many different industries. All with specialty lending experience. All sharing the commitment to delivering a great customer experience.

Cathay Bank introduced the Professional Loan in 2018 as a new way to help small businesses like physicians, dentists, optometrists, CPAs, and attorneys. The loan can be used for operations, equipment, debt consolidation, adding personnel, and marketing.



Our Oil and Gas Group works directly with independent producers, as well as with other lenders, to provide revolving loans to fund drilling.



Team Cathay had 150 participants in its 10th year at the Walk for Hope on November 4, 2018, at the City of Hope campus in Duarte, California. City of Hope is leading the fight against cancer through research, treatment, and education.

Stronger communities. Inclusive opportunities.

The Cathay Bank Foundation is a nonprofit organization focused on enhancing the growth and success of local communities. The ultimate objective is to create opportunities in affordable housing, community and economic development, and education.

Cathay Bank employees proudly wear red shirts when volunteering, representing our giving spirit and heart.



Working with nonprofit organization Operation HOPE, Cathay Bank welcomes the first HOPE Inside location in Orange County, California, in a separate suite at our Westminster branch location, in a primarily Vietnamese community. Staffed by Operation HOPE well-being coaches, the center provides free, one-on-one credit and money management counseling services, supporting financial literacy while creating opportunities for the community to thrive.

2018 was another great year of fundraising for local communities. Team Cathay generated more than \$60,000 at the annual Walk for Hope event, in support of the fight against cancer at City of Hope. Our 42nd Annual Charity Golf Tournament raised more than \$118,000 for local organizations in the Greater Los Angeles Area. And Cathay Bank sponsored a statue of the late Bruce Lee—a symbol of perseverance unveiled during the 80th anniversary celebration of Los Angeles Chinatown and its revitalization.

Corporate information

Board of Directors



Dunson K. Cheng
Executive Chairman of the Board of Cathay General Bancorp and Cathay Bank



Peter Wu
Vice Chairman of the Board of Cathay General Bancorp and Cathay Bank



Anthony M. Tang
Vice Chairman of the Board of Cathay General Bancorp and Cathay Bank



Michael M.Y. Chang
Retired Attorney and former Secretary of Cathay General Bancorp and Cathay Bank



Kelly L. Chan
VP of Finance, Phoenix Bakery Inc., and Certified Public Accountant



Nelson Chung
President of Pacific Communities Builder, Inc.



Felix S. Fernandez
Retired Banker



Jane Jelenko
Retired Financial Services Partner of KPMG LLP



Ting Y. Liu
Retired Investor



Joseph C.H. Poon
President of Edward Properties, LLC



Richard Sun
President of SSS Development, Inc.



Pin Tai
Chief Executive Officer and President of Cathay General Bancorp and Cathay Bank

Cathay General Bancorp

Dunson K. Cheng
Executive Chairman of the Board

Peter Wu
Vice Chairman of the Board

Anthony M. Tang
Vice Chairman of the Board

Pin Tai
Chief Executive Officer and President

Heng W. Chen
Executive Vice President, Chief Financial Officer, and Treasurer

Lisa L. Kim
Executive Vice President, General Counsel, and Secretary

Director Emeritus

Patrick S.D. Lee

Cathay Bank Executive Officers

Dunson K. Cheng
Executive Chairman of the Board

Pin Tai
Chief Executive Officer, President, and Director of Cathay Bank

Irwin Wong
Senior Executive Vice President and Chief Administrative Officer

Heng W. Chen
Executive Vice President and Chief Financial Officer

Chang M. Liu
Executive Vice President and Chief Operating Officer

Kim R. Bingham
Executive Vice President and Chief Risk Officer

Mark H. Lee
Executive Vice President and Chief Credit Officer

Lisa L. Kim
Executive Vice President, General Counsel, and Secretary

Other Executive Vice Presidents

Matthew Bonaccorso
Executive Vice President and Chief Lending Officer

Eddie Chang
Executive Vice President and Manager, Corporate Commercial Real Estate and Construction Lending

Shu-Yuan Lai
Executive Vice President and Chief Lending Officer

Thomas Lo
Executive Vice President, Director of Commercial and International Banking

Allen Peng
Executive Vice President and Chief Retail Administrator

Veronica Tsang
Executive Vice President and Chief Retail Administrator

Jennifer L. Powells
Executive Vice President and Chief Human Resources Officer

Marisa DeRojas
Executive Vice President, Director of Financial Crimes Risk Management

Kelly Wu
Executive Vice President, Head of Corporate Banking Division



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Los Angeles, CA 90012

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F 213 625 1368

cathaygeneralbancorp.com
cathaybank.com

Serving more customers in more places

Founded in 1962, Cathay Bank offers a wide range of financial services. Cathay Bank operates in nine states, with branches in California, Illinois, Maryland, Massachusetts, Nevada, New Jersey, New York, Texas, and Washington State, as well as Hong Kong.

Three new branches opened in 2018—two in Southern California (Temple City and Irvine Northwood) and one in Seattle, Washington.

Our Beijing Representative Office was approved in March 2018.

United States

California

Alhambra
Arcadia
Artesia
City of Industry
Cupertino
Diamond Bar
Dublin
El Monte
Fountain Valley
Fremont
Irvine
Los Angeles
Millbrae
Milpitas
Monterey Park
Northridge
Oakland
Ontario
Orange
Rancho Cucamonga
Richmond
Rowland Heights
Sacramento

San Diego
San Francisco
San Gabriel
San Jose
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 Offices

Beijing
Shanghai
Taipei

Forward Looking Statement

Our annual report includes forward-looking statements within the meaning of the applicable provisions of the Private Securities Litigation Reform Act of 1995 regarding management's beliefs, projections, and assumptions concerning future results and events. We intend such forward-looking statements to be covered by the safe harbor for forward-looking statements in these provisions. All statements other than statements of historical fact are "forward-looking statements" for purposes of federal and state securities laws. Words such as "aims," "anticipates," "believes," "can," "continue," "could," "estimates," "expects," "hopes," "intends," "may," "optimistic," "plans," "predicts," "possible," "potential," "projects," "seeks," "shall," "should," "will," and variations of these words and similar expressions are intended to identify these forward-looking statements. Forward-looking statements by us are based on estimates, beliefs, projections, and assumptions of management and are not guarantees of future performance. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or projections. These and other factors are described in our Annual Report on Form 10-K (at Item 1A in particular) for the year ended December 31, 2018; in other reports filed with the Securities and Exchange Commission (the "SEC"); and in other filings we make with the SEC from time to time. Given these risks and uncertainties, readers are cautioned not to place undue reliance on any forward-looking statements, which speak to the date of this annual report. We have no intention and undertake no obligation to update any forward-looking statements or to publicly announce any revision of any forward-looking statements to reflect future developments or events, except as required by law.

Cathay General Bancorp's Annual Report on Form 10-K for the year ended December 31, 2018, and other filings with the SEC are available at the website maintained by the SEC at www.sec.gov or by request directed to Cathay General Bancorp, 9650 Flair Drive, El Monte, CA 91731; Attention: Investor Relations; telephone 626 279 3296. These reports and filings are also available at www.cathaygeneralbancorp.com.

The information on the websites of Cathay General Bancorp and Cathay Bank is not part of this Annual Report.

Cathay Bank, Member FDIC, is an Equal Housing Lender.

FDIC insurance coverage is limited to deposit accounts at Cathay Bank's U.S. domestic branch locations.

Non-Deposit Investment Products are NOT A DEPOSIT | NOT FDIC INSURED | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY | NO BANK GUARANTEE | MAY LOSE VALUE.

