



LUXURY EXPENDITURE POLICY

Approved by Board of Directors on June 23, 2010

JUNE 2010

FIRST CHOICE BANK

LUXURY EXPENDITURE POLICY

This policy fulfills the requirements under the American Recovery and Reinvestment Act of 2009 (ARRA) enacted February 17, 2009. ARRA requires each recipient of funds under the Capital Purchase Program (CPP) of the Troubled Assets Relief Program (TARP) to have in place a company-wide policy regarding excessive or luxury expenditures, as identified by the Secretary of the Department of the U.S. Treasury.

First Choice Bank prohibits excessive or luxury expenditures on entertainment and events, office or facility renovations, aviation or other transportation services or other activities or events that are not reasonable expenditures for conferences, staff development, reasonable performance incentives or other similar measure conducted in the normal course of business operations of the bank.

Renovations:

Renovations of facilities and office spaces should be relative to the approved current strategic plan. An exception to this can be allowed if management must deal with an emergency situation, such as an act of nature, and the expenditure is necessary to make the facility operational for customer use.

At no time should renovations be done that would have the appearance of being extraordinary, or excessive from a shareholder perspective.

Entertainment:

Entertainment is defined as an activity that an Employee or Executive would use corporate funds for business development purposes relating to a current customer(s) or prospective customer(s) or to further enhance the Bank's marketing efforts, reputation or brand etc.

Our expectation is that all expenses incurred to the Bank would be for bank purposes, and used to drive business to the bank. Occasional events such as taking customers or prospects on trips, playing golf, eating dinner, taking them to other events the customer / prospect would find pleasurable is a necessary part

of the Bank's marketing efforts and is not deemed as "entertainment" or a violation of the Luxury Policy. These expenses should be documented and detailed and if the amount is more than \$500.00 on any one occasion, then the necessity of the same should be documented and the same should have the approval of the President & CEO.

Conferences:

We encourage our staff to attend conferences that are appropriate educational opportunities. These conferences should be related to the financial services industry and have a direct correlation to their job. At times it may be appropriate that a spouse would travel to these conferences with Bank attendees. Typically these conferences are sponsored by vendors, banking associations, or other industry related entities.

This Policy would EXCLUDE reward conferences whether paid for by the Bank or other vendors as a violation of this policy if the purpose is meant to be a reward, or would have no value of education to the employee or executive.

Holiday Parties:

We feel that holiday parties are part of an employee appreciation process. Holiday parties should be local in geographic nature, and should not cost the Bank more than an average day's payroll per employee, on average. However, any amount above \$ 5,000 would require the approval of the Board of Directors.

Board Retreats should only be used for educational purposes, and should be kept in consideration, and looked at in the same view and discretion as all other expenses. Board education is a vital part of maintaining, and keeping a dynamic director base, and this policy should not limit the retreat that is focused on strategic planning or education.

Events and Parties focused on Customers for the purpose of attracting their business would not fall under this policy.

Aviation Services:

Transportation for Bank staff to outlying locations, including bank locations, conferences, business development purposes and merger and acquisition research, should be conducted in the most cost appropriate way for the Bank. As far as possible, employees and directors would be encouraged their own vehicles

for the same and they would be reimbursed the expense at standard rates for mileage.

Compliance

All employees and directors are accountable for adherence to the above policy. The CFO of the bank will ensure adherence of the above procedures and policy and document the requisite approvals. The President & CEO and the CFO will certify to the approvals obtained, wherever necessary. Any violation of the policy should immediately be brought to the attention of the President & CEO or the Board of Directors by all concerned.

Reporting of Violations

Anyone who becomes aware of a suspected or actual violation of this Policy shall report such violation in writing to the CEO or the Board of Directors. Any employee or director who engages in excessive spending shall be subject to discipline, up to and including termination of employment or removal from or omission of re-nomination to the Board.