



PREMIER SERVICE BANK

Organizational Functional Area:	Executive Management
Policy For:	Excessive/Luxury Expenditure Policy
Board Approved:	November 19, 2009
Last Revision Date:	November 19, 2009
Department/Individual Responsible for Maintaining/Updating Policy:	Chief Financial Officer

I. POLICY OVERVIEW

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.

Premier Service 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 or other similar measures conducted in the normal course of business operations.

II. RENOVATIONS

Renovations of facilities and office space should be relative to the approved project and current strategic plan of Premier Service Bank. An exception to this is 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. CEO approval is required for all renovations under \$25,000. All renovations of \$25,000 or more shall be approved by the Board of Directors.

III. ENTERTAINMENT

Entertainment is defined as an activity that an employee or executive would use corporate funds for business development purposes related to a current or prospective customer or to further enhance Premier Service Bank's marketing efforts. All expenses incurred to the Bank are for specific company purposes and used to drive business to the Bank. Events and parties focused on customers for the purpose of attracting or retaining their business would not fall under this Policy.

IV. CONFERENCES

We encourage Premier Service Bank staff to attend conferences that are appropriate education opportunities. These conferences must be related to the financial services industry and have a direct correlation to their job. Typically these conferences are sponsored by vendors, banking associates or other industry-related entities.

V. BOARD/MANAGEMENT RETREATS

Retreats shall only be used for educational or business planning 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 does not preclude or limit a retreat that is focused on strategic planning or education, provided the costs and expenses related to such a retreat are deemed reasonable by the Board of Directors.

VI. AVIATION

Premier Service Bank will reimburse employees and directors for reasonable transportation expenses incurred for travel to and from pre-approved conferences, planning retreats or other business purposes. Reasonable airfare is considered coach travel class.

Premier Service Bank will not reimburse for first or business class travel. Private air services are not allowed under any circumstances. Premier Service Bank will not reimburse employees or directors for aviation or other travel-related expenses associated

with any spouse or guest that may accompany them on a business trip. This would include travel, food and lodging.

VII. ADMINISTRATION

The CEO is responsible for the day-to-day administration of this Policy and the CEO is accountable for overall adherence to this Policy and must approve any exceptions. The Personnel and Compensation Committee shall review and ratify any exceptions. The CEO and CFO will annually review this policy and certify compliance. Strict adherence to this Policy is mandated for all Premier Service Bank employees and directors. Violations of this Policy shall be promptly reported to the Personnel and Compensation Committee.

This Policy and any amendments thereto, shall be posted on the Premier Service Bank website and provided to the U.S. Department of the Treasury and the Federal Deposit Insurance Corporation. This Policy will be reviewed and approved by the Board of Directors annually.