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## **Policy Statement**

In accordance with Section 111(d) of the Emergency Economic Stabilization Act, as amended by Section 7001 of the American Recovery and Reinvestment Act, we, the Board of Directors of Colonial American Bank (the "Board") hereby adopt parameters on certain expenditure items as follows, to be implemented on a company-wide basis. This policy may be amended from time to time as additional guidance on luxury expenditures is issued by the Secretary of the United States Department of the Treasury or as the Board deems advisable.

The Board of Directors of Colonial American Bank has set the following limits for the types of luxury expenditures as follows:

### **Type of Luxury Expenditure**

1. Entertainment or Events: The Bank will pay or reimburse reasonable business expenditures incurred in the organization or participation in community events or employee gatherings. Any community event or employee gathering exceeding \$5,000 in cost must be either included in the Bank's Board approved budget or specifically approved by the Board.
2. Office and Facility Renovations: The Board will continue to make timely and necessary facility renovations in order to keep the Bank's facilities up to acceptable industry standards. Any renovation in excess of \$25,000 must be either included in the Bank's Board approved budget or specifically approved by the Board.
3. Aviation or Other Transportation Services: Business travel may be made by air, rail, bus, taxi, rented car, or personal car, depending upon the circumstances and the length of the trip. Good judgment should be exercised in all travel arrangements. Directors and employees should attempt to use the lowest priced travel method without compromising the nature of the business trip. In addition, when traveling, directors, officers and employees may utilize, where appropriate or necessary, lodging establishments which are suitable for the business traveler. Any transportation expense in excess of \$5,000 must be either included in the Bank's Board approved budget or specifically approved by the Board.
4. Other Activities or Events: Expenditures for other activities or events that are not for staff development, reasonable performance incentives, or other similar measures conducted in the normal course of the Bank's business operations, are not permitted without the approval of the Board.

All of the Bank's expenditures will be monitored closely by the Bank's Chief Executive Officer and Chief Financial Officer. Any violations of this Luxury Expenditure Policy will be immediately reported to the Board of Directors by the Chief Financial Officer.

Failure to comply with the Luxury Expenditure Policy may be grounds for disciplinary action, including possible removal from the Board or termination of employment.

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**COLONIAL  
AMERICAN  
BANK**



**ACKNOWLEDGEMENT**

**LUXURY EXPENDITURE POLICY**

I have received a copy of Colonial American Bank's Luxury Expenditure Policy and I have read and understand the policy for luxury expenditure's.

I agree to abide by the standards set in the Luxury Expenditure Policy for the duration of my employment with Colonial American Bank.

I am aware that violations of the Luxury Expenditure Policy may subject me to disciplinary action, up to and including discharge from employment.

I further understand that the Luxury Expenditure Policy may be amended at any time.

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Signature

Date