

Premier Bank
Premier Bank Holding Company

Policy: Limitation on Luxury Expenditures

The Board of Directors of any TARP recipient is required to have in place a companywide policy regarding excessive or luxury expenditures. Therefore, effective until the last date upon which any obligation arising out of such financial assistance remains outstanding, the following rules shall apply to all employees and directors of the Premier Bank and Premier Holding Company (collectively, the "Bank") and any other entity that is treated as part of the TARP Recipient (as defined in the TARP Regulations) and all references to the Bank shall include any entity that is part of the TARP Recipient, unless the context requires otherwise. Such rules regarding luxury expenditures address expenditures on the following:

1. Entertainment or event.
2. Office and facility renovations.
3. Aviation or other transportation services.
4. Other activities or events that are not reasonable expenditures for staff development, reasonable performance incentives, or other similar measures conducted in the normal course of the business operations of the Bank.

It is the opinion of the Bank's Board of Directors that the Bank has not historically engaged in the practice of luxury expenditures in the past, nor will it do so in the future.

A. Rules Regarding Expenses for Certain Activities or Events

1) Entertainment or Events

The Bank will limit its expenditures on entertainment and events to those that are reasonable and customary in business development for community banks. These limits include the following:

- Reasonable expenses for customer receptions.
- Customer lunches with education or business development purposes or community support purposes.
- Events that are normal and customary business development, director and staff education, and representation in the community bank industry.
- Such expenditures deemed reasonable would include attendance at the community's annual Chamber of Commerce retreat, board or executive attendance at the Florida Bankers Association Convention so long as it is within the United States, Federal Home Loan Bank and regulatory agency conferences as well as attendance at educational and professional development functions.
- Our staff will seek to limit expenses on hotel accommodations when such accommodations are considered luxury and there are reasonable accommodations near by the hotel facility. For business travel, costs for standard rooms are reimbursed, but the Bank will not reimburse above that rate for multiple rooms to accommodate family or suites.
- Officers are encouraged to use Bank customers' businesses for client lunches.

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- Meals will be reimbursed for business development and business travel at a reasonable rate. Such reimbursement should not be for excessive dining expense or alcohol consumption that would be considered poor stewardship by the institution.

2) Office and Facility Renovations

The Bank has never engaged in excessive expenditures in its offices in the construction or renovations of its banking offices. The historical practice of utilizing affordable and reasonable branch facilities shall be continued.

3) Aviation or Other Transportation Services

The Bank reimburses for business air travel. All airfares are reimbursed or paid for at coach rate. The Bank has not previously engaged in the use of charter aircraft. Any instance of the use of charter aircraft would be considered highly unusual and subject to the review of the Bank's Executive Committee (the "Committee"). An example of a reasonable use of charter aircraft would be several people traveling to a meeting at a charter rate less than the commercial flight rate. Even when economically feasible, the use of charter aircraft is frowned upon because of the appearance of excessive expense which is not in keeping with the Bank's mission statement. The Bank also does not engage the use of limousines or highly expensive or flamboyant transportation. Reasonable and customary transportation reimbursement such as rental cars and taxi cabs are reimbursed during business travel. Luxury rental cars are not appropriate. Standard vehicles or below are appreciated. In addition, the Bank encourages the consideration of personal auto usage for travel and will pay the standard IRS mileage rate when personal auto usage within a reasonable time period would be cheaper than either airfare or rental car usage. Reasonable and customary auto allowances are paid to some officers.

4) Other activities or events that are not reasonable expenditures for staff development, reasonable performance incentives, or other similar measures conducted in the normal course of the business operations of the TARP recipient

The Bank has not historically engaged in any of the activities referred to in this section. The Bank's motivational tools and expenditures for staff development will be reasonable and in keeping with the Bank's overall budget as approved by the Board of Directors. The Bank does hold quarterly staff gatherings for educational and motivational purposes. These gatherings are conducted at a reasonable expense for food and local venues. Venues have included outside meetings under tents with barbeque or fajitas when weather permitted. The highest expense was an indoor venue with a buffet. The Bank has also curtailed its annual Christmas party until appropriate earnings are restored. The general expense management of the Bank will be that of being a good steward to all of its investors and in the eyes of the community.

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B. Reporting of Violations

Violations of this Policy must be reported either to the Chief Financial Officer, the Bank's Senior Risk Officer (as defined in the TARP Regulations), or Chief Executive Officer. No employee or director may be disciplined in retaliation for reporting a violation of this Policy.

C. Accountability

By accepting any reimbursement from the Bank, an employee or director (1) represents that the expense for which reimbursement is sought is for a legitimate business purpose and is eligible for reimbursement under this Policy; and (2) acknowledges that he or she has read and understands this Policy and agrees to return all or a portion of the reimbursement he or she receives if the Executive Committee determines that such expense was excessive, extravagant, unnecessary or unrelated to a legitimate business purpose or was otherwise not eligible for reimbursement.

The Bank's Chief Financial Officer or Chief Executive Officer of the Bank will thoroughly investigate any known or reasonably suspected violations of this Policy. Such officer shall provide a full report to the Executive Committee of his or her findings. If the Executive Committee determines that a violation has occurred, the Executive Committee may authorize such officer to seek reimbursement from the violating employee or director on behalf of the Bank or may authorize any appropriate or necessary disciplinary action, up to and including terminating a violating employee's employment, requesting the resignation of a director, or directing the applicable board of directors on which a director serves not to nominate such director for reelection.

Employees and directors shall be apprised of the existence of and terms of the Policy. A copy of the Policy will be provided to employees and directors and posted on the Bank's intranet and internet websites where employees and directors will be able to see it, or a combination of the foregoing. A copy of the Policy may be provided to any employee or director upon request.

The mission of Premier Bank is to create a pleasant banking experience and work environment while achieving outstanding financial performance. Our bankers seek to be distinguished by their servant's hearts and a sincere desire to treat others as they wish to be treated.