

Premier Bank Excessive or Luxury Expenditures Policy

The Board of Directors of any TARP recipient is required to have in place a companywide policy regarding excessive or luxury expenditures. Such luxury expenditures may include excessive expenditures on:

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 TARP recipient.

It is the opinion of the Premier Bank (the “Bank”) 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.

1. Entertainment or Events: The Bank will limit its expenditures on entertainment and events to that which is reasonable and customary in business development for community banks:

- 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 excessive expenses on hotel accommodations when such accommodations are considered luxury and there are reasonable accommodations near by the hotel facility. For business travel, 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.
- 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. 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 bar-b-que 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.