



**EXCESSIVE AND LUXURY
EXPENDITURE POLICY**

I. Statement

The board of directors and senior executives of US Metro Bank are committed to complying fully with the requirements of the Troubled Assets Relief Program (“TARP”) Standards for Compensation and Corporate Governance as defined by the Department of the Treasury (31 CFR Part 30) pursuant to requirements set forth in the Emergency Economic Stabilization Act of 2008 (“EESA”), as amended by the American Recovery and Reinvestment Act of 2009 (“ARRA”) during the period that the bank participates in the TARP Capital Purchase Program.

II. Policy Objectives

Excessive and Luxury Expenditure Policy (“the 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.

III. Responsibilities

The board of directors is required by the TARP Standards for Compensation and Corporate Governance as defined by the Department of Treasury (31 CFR Part 30) to adopt a policy of excessive and luxury expenditures. The board has oversight responsibilities for the Bank’s compliance with the requirement of TARP Standards for Compensation and Corporate Governance as defined by the Department of the Treasury (31 CFR Part 30). In support of its oversight responsibilities, the board and executive management shall have the following roles:

1. Approve the policy on an annual basis, or, in the event of subsequent amendments to the TARP Standards for Compensation and Corporate Governance as defined by the Department of Treasury (31 CFR Part 30), in such time frame required by the amendment.
2. The board shall review any exceptions to this policy at the next regularly scheduled meeting subsequent to the granting of exception.
3. The Chief Executive Officer must provide a certification for expenditure that could be viewed as excessive and luxury expenditure.
4. Chief Financial Officer shall monitor expenditure addressed by the policy to ensure compliance with the policy. Chief Financial Officer shall document and justify any exceptions to the policy and report exception to the board.
5. Chief Financial Officer shall promptly recommend modifications of the policy to the board to ensure it remains as defined by the Department of Treasury (31 CFR Part 30).
6. Chief Financial Office shall ensure that the policy is posted on the Bank’s website.

VI. General Policy Statement

US Metro 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. All employees and directors of the Bank are to comply with this policy. Any employees who become aware of any violation of this policy must, within a reasonable amount of time, report such violation to the Audit Committee, Chief Executive Officer or Chief Financial Officer. Violations may result in disciplinary action, up to and including termination of employment.

Renovations:

Renovations of facilities and office spaces should be relative to the approved project and current profit plan, and tracked within the capital expenditure policy of the Company. 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 or prospective customer, or to further enhance the Bank's marketing efforts. Our expectation is that all expenses incurred to the Bank would be for business purposes, and used to drive business to the bank. Occasional events such as taking customers or prospects on trips, playing golf, eating dinner, or 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 "luxury" or a violation of this Policy. These expenses should be documented and detailed as to the benefit derived by the Bank through the normal accounts payable process. Events and parties focused on customers for the purpose of attracting their business would not fall under this policy.

Conferences or Sponsored Events:

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's attendees. Typically these conferences are sponsored by vendors, banking associations, or other industry related entities. The conference or sponsored events expenditures of an employee's spouse and/or other family members will not be funded by the Bank.

Employee Recognition/Holiday Parties:

We feel that employee recognition/holiday parties are part of an employee appreciation process. These events should be local in geographic nature, and would include costs for

such things as service awards and nominal door prizes. An event should not cost the sponsoring business unit more than an average day's payroll per employee.

Board/Management Retreats

Retreats should 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 should not limit a retreat that is focused on strategic planning or education.

Aviation Services:

Transportation for Company 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. Modes of transportation to be used may consist of vehicle, commercial air or rail service. The selection of transportation services will factor in cost, efficiency and timeliness of travel. Private air services are not allowed.