



Limitation on Luxury Expenditures Policy

Revised June 8, 2010

Section 111 of the Emergency Economic Stabilization Act of 2008 (12 U.S.C. 5221) requires that recipients of TARP investments develop a written policy placing certain limitations on what certain individuals or government agencies may deem to be luxury expenditures. This policy is not intended in any way to limit or restrict the normal and customary expenditures for business development, employee morale or training or the ongoing operation of the bank or the company. **All employees of SCVBank are subject to the policy and will be held accountable for the compliance with the policy.**

Sponsorship of excessive entertainment or events is prohibited. This includes both foreign and domestic junkets that do not serve a demonstrated business purpose. Excessive entertainment or an excessive event is quantitatively defined as any single occurrence or event where the per capita expenditure exceeds \$2,000. By way of example, the WIB Director Conference, recognized trade association conferences, conventions and training, off-site planning meetings and off-site board of directors meetings are considered a normal part of the successful operation of the bank and the company and are not considered excessive events.

Office and facility renovations should be designed to: enhance operational efficiency, comply with applicable fire codes and ADA requirements, maintain a safe, sanitary and clean working environment, enhance the public image of the organization, improve employee morale, or such other worthwhile purpose as may be identified by the organization. Quantitatively office and facility renovations may be deemed excessive if the all in cost of the renovation exceeds \$200 per square foot. By way of example, relocating or adding to movable worker stations, improving the air flow or temperature, altering the wall, ceiling or lighting configuration of a work or storage space, establishing a new branch office or sales office are not considered excessive by their very nature. **Significant office and facility renovations require the prior approval of the Board of Directors. Typically, the CEO or CFO will provide the Board with all the pertinent information relating to the renovations to support their decision.**

Excessive aviation or other transportation services expenditures are prohibited.

Expenses for activities or events should enhance staff development, provide reasonable performance incentives for employees, or otherwise be conducted in the normal course of the operation of the business. Expenditures of this type maybe made in the sole discretion of the chief executive officer or his designated agent and should not be excessive.

A suspected violation of this policy may be made in a number of ways. An employee who suspects a violation may report the violation to either his or her supervisor, the Bank's CEO, CFO or Compliance Officer. The employee may also report the suspected violation to the Chair of the Audit Committee. Once a suspected violation is reported, the Bank's management should report the incident to the Audit Committee Chair as soon as reasonably possible.