



LUXURY EXPENDITURE POLICY

This 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.

York Traditions Bank (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 of the Bank.

This Policy specifies prohibited expenditures, approval procedures for expenditures which require prior approval and the procedure for reporting actual or suspected violations of this Policy. This Policy applies to all employees of the Bank and its direct or indirect subsidiaries and all such employees will be held accountable for compliance with this Policy.

Covered Expenditures

The following describes the types of expenditures that are covered by this Policy (Covered Expenditures).

Renovations:

Renovations of facilities and office spaces should be relative to the approved annual budget. 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 associate would use corporate funds for business development purposes relating to a current customer(s) or prospective customer(s) or to further enhance the Bank's marketing efforts.

Our expectation is that all expenses incurred to the Bank would be for company purposes and used to drive business to the Bank. Occasional events involving customers or prospects are a necessary part of the Bank's marketing efforts and are not deemed as "entertainment" or a violation of the Policy. These expenses should be documented and detailed as to the benefits derived by the Bank.

Conferences:

We value growth and development of our associates and provide them with appropriate educational opportunities, including conferences. 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(s) would travel to these conferences with the Bank's attendees, in which case the Bank would be financially responsible for expenses incurred on behalf of the spouse(s). Typically these conferences are sponsored by vendors, banking associations, or other industry related entities.

Picnics and Holiday Parties:

Picnics and holiday parties are part of an associate appreciation process. These events should be local in geographic nature, and costs should be in line with the approved annual budget.

Board Retreats should only be used for educational 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.

Events focused on customers and prospects for the purpose of retaining and attracting their business would not fall under this Policy.

Aviation Services:

Transportation for associates, including conferences, business development purposes, and merger and acquisition research, should be conducted in the most cost appropriate way for the Bank. The associate will provide the Accounting Department, when appropriate, an analysis of trips to determine which mode of transportation is the most appropriate for the Bank. Modes of transportation to be used for the analysis, for example, may consist of vehicle and commercial air service. A determination of transportation analysis will factor in cost, efficiency, and timeliness of travel.

Approval Process

A Covered Expenditure proposed to be incurred on behalf of an executive officer of the Bank and having a cost of more than \$25,000 requires pre-approval by the Bank's Board of Directors. In the event that time does not permit waiting until the next regularly scheduled meeting, the Chairman of the Loan, Audit or Compensation Committees may approve the Covered Expenditure on behalf of the Board of Directors. Such an approval would be reported to the Board of Directors at its next meeting.

A Covered Expenditure proposed to be incurred on behalf of any other associate of the Bank and having a cost of more than \$25,000 requires pre-approval by either the Chief Executive Officer or the Chief Financial Officer.

Policy Violations

Violation of this Policy will subject the employee to disciplinary action up to and including termination. Every director, executive officer and associate of the Bank is required to promptly report all violations of this Policy, in writing, to the Chairman of the Board or the Chairman of the Audit Committee as may be appropriate under the circumstances.