



## **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.

### **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 is not deemed as "entertainment" or a violation of the Luxury Expenditure Policy. These expenses should be documented and detailed as to the benefit 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 associate(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.