

## **OneFinancial Corporation Excessive and Luxury Expenditure Policy**

### **PURPOSE**

This Luxury Expenditure Policy (herein “Policy”) is intended to comply with the requirements of Section 111(d) of the Emergency Economic Stabilization Act of 2008 (“EESA”), as amended by the American Recovery and Reinvestment Act of 2009 (“ARRA”). Under the provisions of Section 111(d) of EESA, recipients of funds under the Capital Purchase Program (“CPP”) of the Troubled Assets Relief Program (“TARP”) are required to establish a company-wide policy regarding luxury expenditures as identified by the Secretary of the United States Treasury. This Policy has been adopted and approved by the Boards of Directors of OneFinancial Corporation (“OneFinancial”) and One Bank & Trust, N.A. It is the intent of the Boards of Directors that this Policy remain in full force and effect for the duration of the period during with OneFinancial holds funds received from Treasury pursuant to the CPP.

### **SCOPE AND RESPONSIBILITIES**

OneFinancial and its subsidiaries intend to prohibit during the CPP period luxury expenditures of all kinds. In particular, with respect to entertainment or events, office and facility renovations, aviation or other transportation services, and other similar items, activities or events for which the Company may reasonably anticipate incurring expenses (or reimbursing an employee for incurring expenses), such expenditures shall be deemed to be prohibited luxury expenditures to the extent such expenditures are not reasonable expenditures for staff development reasonable performance incentives or other reasonable measures conducted in the normal course of the Company’s business operations.

The following guidelines will apply during the CPP period with regard to specific Company expenditures:

- Entertainment or events
- Office and Facility Construction/Renovations
- Aviation or Other
- Conferences and Other Developmental Activities
- Activities and Events involving Employee Gatherings
- Other Expenditures

### **Enforcement of Policy**

All Company employees and directors are required to comply with this Policy. The process set forth in the Policy may be subject to audit to confirm policy adherence.

The Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) are primarily accountable for adherence to this Policy and for certifying that prior approval for any

expenditure requiring such prior approval was properly obtained. Any employee who becomes aware of any violation of this Policy must, within a reasonable amount of time, report such violation to the CEO and/or CFO. The CEO and CFO shall be responsible for reviewing any reported violations and making a final determination as to whether the Policy was violated.

## **POLICY AND PRACTICES**

### **Overall Expectations**

The Board of Directors expects that all directors and employees will be conservative when determining and approving all expenditures, but especially in the areas that can be costly, including entertainment, special events, office and facility construction and renovations, travel and conferences. In all instances mid-level, or mid-priced fixtures, accommodation, transportation and venues should be used, rather than luxury materials and accommodations.

These practices are commensurate with the Company's goals for controlling expenses and increasing net income. This policy compliments the Company's current budgeting and expense reimbursement processes, which currently act to control expenditures.

### **Entertainment and Events:**

The Company recognizes the existence of legitimate business purposes, including, but not limited to, business development with respect to existing and/or prospective clients, retention of existing clients, expansion of client and community relationships, and enhancement of marketing initiatives, for the participation by Company employees, directors, clients and prospective clients in entertainment activities and events. With respect to such entertainment activities and events, the Company will expect to incur reasonable expenses (or reimburse its employees for reasonable expenses incurred by such individuals).

The Company requires that all reasonable expenses related to participation by employees, directors, clients and prospective clients in entertainment activities and events be incurred (whether directly or through reimbursement to an employee) for bona fide business-related purposes only.

While not an all-inclusive list, examples of bona fide business-related entertainment activities and events would include:

- Taking a customer or prospective customer out for a meal.
- Playing golf with a customer or prospective customer and paying for the green fee.
- Hosting a customer or prospective customer at a local sporting, event, such as a baseball, football or basketball game.

While not an all-inclusive list, examples of entertainment activities and events that would not, barring the showing of exceptional circumstances, be deemed to be bona fide business-related entertainment activities and events would include:

- Sending and/or accompanying a client or prospective client on an extended vacation to an expensive location.
- Giving gifts to clients or prospective clients that are excessively lavish or expensive and not in keeping with the spirit of this policy.

Employees and directors participating in bona fide business-related entertainments activities and events must document the nature of the activity or event, the business-related purpose, the participants and the cost incurred. Further, where the anticipated expense for participation in any single entertainment activity or event is reasonably expected to be less that \$2,500 in the aggregate, the expense may go through our regular expense reimbursement process, whereby the employee's manager can approve/disapprove the expense. Any expense for any single entertainment activity or event that is reasonably expected to equal or exceed \$2,500 in the aggregate must be preapproved in writing by the CFO.

#### **Office and Facility Construction/Renovations:**

New construction and/or renovation of existing offices and facilities must generally be within the parameters of the Company's Strategic Plan and budgeting process. Therefore, such expenditures are generally preapproved by the CFO and the Board of Directors. Any non-budgeted construction and/or renovations should have prior written approval by the CFO. An exception to this is allowed by the CFO if the Company must deal with an emergency situation, such as the repair of damages resulting from an act of nature, and the expenditure is necessary to make the facility or office safe and operational for employee and/or customer use.

Executive management is responsible for conducting appropriate requests for proposal for any construction and/or renovation projects, and for ensuring that such projects are within the spirit, intent and guidelines set forth by this Policy.

#### **Aviation or Other Transportation Services:**

As noted above, transportation of Company employees and directors to/from conferences business development activities or events, customer service for out-of-state clients, and other business-related transportation much generally be conducted in the most cost efficient manner available. Decisions as to the mode of transportation must be appropriate to the nature of the travel and should take into account factors such as distance, duration, timeliness of travel, weather considerations, etc.

Where the anticipated transportation expense for any employee with respect to a single business-related trip is reasonably expected to be less than \$1,000, the expense may go through our regular expense reimbursement process, whereby the employee's manager can

approve the expense. Any transportation expense for any employee or director with respect to a single business-related trip that is reasonably expected to exceed \$1,000 must be pre-approved in writing by the CFO.

Private air services will not be permitted without the written approval of the CEO. The purchase or lease of any aircraft will not be permitted without the prior approval of the CEO. In the event that directors use their personal aircraft for travel, the travel and/or fuel expenses will be reimbursed up to the amount that a business-class commercial airline ticket would have cost in the same situation.

### **Conferences and Other Developmental Activities:**

The Company encourages our associates to attend conferences, seminars, workshops and other business-related educational/developmental activities. In general, these activities and events should be related to the financial services industry, and/or have a direct correlation to an employee's or to a director's specific position within the Company. With regard to conferences and other developmental activities, the following specific guidelines are in place:

- Whenever possible, employees should consider local conferences in order to reduce travel expenses
- Any conference, the cost of which is reasonably expected to cost less than \$2,500 per person, the expense may go through the bank's regular expense reimbursement process. The cost of any conference that exceeds \$2,500 per person must be preapproved by the CFO in writing.

As noted above, employees and directors must be conservative in travel planning.

Occasionally, it may be appropriate for a spouse or other family member to travel to a conference with a Company employee. In general, it is the expectation of the Company that the Company not fund travel of conference expenditures of an employee's spouse and/or other family members.

### **Activities and Events Involving Employee Gatherings:**

The Company believes that certain employee-focused activities and events, including occasional holiday parties, employee picnics and similar events planned by management and retail sales recognition and reward ceremonies, are important components of the organization's employee relations process that serve bona fide business-related purposes. Such activities must generally be within the parameters of the Company's Strategic Plan and budgeting process. Therefore, such expenditures are generally pre-approved by the CEO, the Board of Directors and the CFO. Any non-budgeted employee focused activity or event should have prior written approval by the CEO, the Board of Directors, and the CFO.

Any department-wide employee-focused activity or event shall be pre-approved in writing by the department manager. If the expense is reasonably anticipated to exceed \$2,500, the expense must be pre-approved by the CFO in writing.

### **Other Expenditures**

The Company will continue to scrutinize all expenditures in keeping with the Company's commitment to returning shareholder value. In the event that other significant expenditures not covered specifically by this Policy arise. Senior management shall make a determination regarding the action that is most appropriate under the circumstances, including, if necessary, consultation with the Board of Directors.

### **RENEWAL/REVIEW**

This Policy may be amended by the Boards of Directors from time to time to clarify, modify, or add provisions as necessary. Within 90 days of adoption of a material amendment to this Policy, the Board of Directors must provide a copy of such amendment to Treasury and the Company's primary regulator.