



Luxury Expenditure Policy

Policy

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General Description

Description: Luxury Expenditure Policy

It is the policy of Company to prohibit excessive and luxury expenditures on entertainment and events, office and facility improvements and/or renovations, aviation or other transportation services, and other activities or events that are not reasonable expenditures for conferences, staff development, reasonable performance incentives or other similar measures conducted in the normal course of the Company's business operations, by assuring that all such events serve legitimate business purposes and are cost-justified.

Purpose:

The Board of Directors and Executive Management of AB&T Financial Corporation (the „Company“) and its subsidiary, Alliance Bank and Trust, are committed to complying fully with the requirements outlined in Section 111 of the Emergency Economic Stabilization Act of 2008 (EESA), as amended by the American Recovery and Reinvestment Act of 2009 (ARRA) enacted on February 17, 2009. Under the interim rule (31 CFR Part 30), ARRA requires each recipient of funds under the Capital Purchase Program (CPP) of Troubled Assets Relief Program (TARP) to have in place a company-wide policy regarding excessive and luxury expenditures as identified by the Secretary of the Department of the U.S. Treasury.

Scope: All Departments, All Employees

Responsibility: President/CEO

Policy Provisions

1. Role of the Board of Directors

Description:

The Board of Directors is required by the TARP Standards for Compensation and Corporate Governance as defined by the Department of the Treasury (31 CFR Part 30) to adopt a policy regarding excessive and luxury expenditures. The Board has oversight responsibility for Company's compliance with the requirements 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 shall have the following roles:

2. The Corporate Governance Committee of the Board

Description:

- Must review and recommend to the full Board of Directors approval of this 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 the Treasury (31 CFR Part 30), in such time frame required by the amendment
- The Board of Directors must review and approve this 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 the Treasury (31 CFR Part 30), in such time frame required by the amendment.

- The Corporate Governance Committee shall review any exceptions to this policy at the next regularly scheduled meeting subsequent to the granting of the exception.

3. Role of Executive Management

Description:

Executive management is responsible for the effective implementation of this policy. To that end, executive management shall have the following roles:

- Monitor expenditures addressed by this policy to ensure compliance with this policy
- Document and justify any exceptions to this policy and promptly report exceptions to the Corporate Governance Committee of the Board
- Promptly recommend modifications of this policy to the Corporate Governance Committee to ensure it remains compliant with the TARP Standards for Compensation and Corporate Governance as defined by the Department of the Treasury (31 CFR Part 30) as it may be amended
- Ensure that this policy is posted on AllianceBankNC.com

4. Entertainment

Description:

Entertainment is defined as activities for which an employee or management would use corporate funds for business and employee recruiting and development purposes relating to current or prospective customers, to enhance AB&T/Alliance Bank and Trust's perception in the market, to recruit impact employees or to reward employees for exceptional efforts in enhancing shareholder value. Our expectation is that all expenses incurred for these activities would be for corporate purposes with the objective of attracting or retaining business or impact employees for the Company. Examples of entertainment include taking customers, impact employees or prospects to restaurants, theater, sports events, concerts, golf and other activities that the customer/impact employee/prospect would find enjoyable and provide an opportunity to enhance business relationships. Expenditures for these purposes in the normal course of business are a necessary part of the Company's marketing and business and employee development efforts and are not deemed as "luxury" or a violation of the Policy. These expenses should be documented and detailed as to the benefit derived by the Company.

5. Events

Description:

Events are defined to include meetings, conferences, and employee recognition events that are intended to provide the Board, management and employees with opportunities for individual and team education, development and recognition, business planning, market and industry networking, and related business purpose objectives. Meetings may include both those that are internally organized as well as those organized by other banks, trade associations, vendors and similar organizations. Occasionally, the Company organized meetings that are held in non-company owned facilities in order to accommodate the size of the group, facilitate better delivery of the meeting, or provide participants with a venue that is most conducive for the meeting's purpose. Directors, management and employees may also participate in meetings hosted by other business partners that have a clear business purpose. The costs associated with meetings must be included in the Board approved annual plan. Conferences typically offer educational, skill development and industry networking opportunities that enhance participant performance. These conferences should be related to the financial services industry and have a direct correlation to attendee's job. At times it may be appropriate that a spouse would travel to these conferences with Company attendees. The Company may pay the cost for spouses of employees other than executive officers to attend with the approval of the CEO. The Company may pay for spouses of executive officers to

attend with the approval of the Chairman of the Board of Directors. Any extension of time for these conferences for personal reasons shall be documented and the additional expense will be the responsibility of the executive. Conference participation is subject to approval by a member of executive management. Employee recognition meetings, dinners and events are held occasionally to recognize the contribution of an individual, team or all employees. The cost of such meetings must be approved in advance by a member of executive management.

The Board of Directors believes that company-wide annual holiday parties are important in terms of employee appreciation and employee morale. Accordingly, this policy does not prohibit expenditures in conjunction with such events. The expenses associated with such an event should not cost the Company more than approximately an average day's gross payroll. Other events, such as a company picnic or the occasional department party, should just be a fraction of that cost and deemed reasonable by any appropriate standard.

Events and parties focused on customers for the purpose of attracting their business would not fall under this policy.

6. Office and Facility Improvements and/or Renovations

Description:

Office and facility renovations in excess of \$250,000 to a banking office or in excess of \$1,000 to the offices of an executive officer are permitted only for approved projects that are part of the corporation's Board approved annual financial plan. 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. Renovations must be in all regards consistent with the Company's historical standards of utility and finish.

7. Aviation or Other Transportation Services

Description:

Aviation and other transportation services for the Company's staff to outlying locations, including for conferences, business development purposes and other purposes should be conducted in a cost appropriate manner. Permitted modes of transportation include vehicle and commercial air, bus or rail service. The selection or transportation services should include assessment of cost, efficiency and timeliness of travel. Private air services are not allowed without the approval of the Chairman of the Board of Directors.

8. Certification

Description:

The CEO and the Chief Financial Officer of the Corporation shall certify to the Board at least annually that the provisions of this Policy are being enforced and are sufficient to provide reasonable assurance that the Corporation's expenditures for such purposes are not excessive.