

# Excessive and Luxury Expenditures Policy

Section 111 of the Emergency Economic Stabilization Act of 2008, as amended, and the regulations, interpretations and guidance issued thereunder (“EESA”), requires, among other things, that the Company have in place certain written standards applicable to its employees that are reasonably designed to eliminate excessive and luxury expenditures with respect to entertainment and events, office and facility renovations, aviation and other transportation services, and other similar items, activities or events. This Policy is meant to fulfill such requirement during the period in which the U.S. Treasury (“Treasury”) holds any debt or equity securities issued by Company under the Troubled Asset Relief Program Capital Purchase Program (such period, the “TARP Period”).

Meridian Bank (“the Company”), prohibits excessive expenditures on any of the following to the extent such expenditures are not reasonable expenditures for staff development, reasonable performance incentives, or other similar reasonable measures conducted in the normal course of the Company’s business operations:

1. Entertainment or events;
2. Office and facility renovations;
3. Aviation or other transportation services; and
4. Other similar items, activities, or events for which the TARP recipient may reasonably anticipate incurring expenses, or reimbursing an employee for incurring expenses.

**Entertainment:** Entertainment is defined as an activity that an employee or executive would use corporate funds for business development purposes relating to a current customer or prospective customer or to further enhance the Company’s marketing or operations efforts.

The Company’s expectation is that all expenses incurred to the Company would be for company purposes, and used to drive business to the Company. Occasional events such as taking customers or prospects to sporting events, playing golf, eating dinner, or taking them to other events the customer/prospect would find pleasurable is a necessary part of the Company’s marketing efforts and is not deemed as “luxury” or a violation of this Policy, to the extent reasonable. These expenses should be documented and detailed as to the benefit derived by the Company through the normal accounts payable process. Entertainment and event expenditures anticipated to be in excess of \$500.00 must be reviewed with and approved by the CEO prior to expenditure.

**Employee Recognition/Holiday Parties:** The Company believes that recognition/holiday parties are part of an employee appreciation process. These events should be local in geographic nature, and may include such things as service awards and nominal door prizes. Any event in excess of \$500.00 shall require prior approval by the CEO. Other expenses, such as the occasional department appreciation lunch, etc. will be subject to the Company’s expense reimbursement guidelines.

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**Board/Management Retreats:** Board or management retreats should only be used for educational or business planning purposes, and should be kept in consideration, and looked at in the same view and discretion as all other expenses. Board and management education is a vital part of maintaining and keeping a dynamic director and executive base, and this Policy should not limit the retreat that is focused on strategic planning or education. The CEO will plan and approve all Board or management retreats. Any retreat in excess of \$5,000 will require Board approval.

**Renovations:** Renovations of facilities and office spaces should be relative to the approved project and current profit plan, and tracked within the capital expenditure policy of the Company. Any facilities or office renovations not in the profit plan must be approved by the CEO.

At no time should renovations be done that would have the appearance of being extraordinary, or excessive from a shareholder perspective.

**Transportation Services:** Transportation for Company employees to outlying locations, including bank locations, conferences, business development purposes and merger and acquisition research, should be conducted in the most cost-appropriate way for the Company. Modes of transportation to be used may consist of vehicle, commercial air or rail service. A determination of transportation mode will factor in cost, efficiency and timeliness of travel.

**Conferences:** The Company encourages its employees to attend conferences that are appropriate educational opportunities. These conferences should be related to the financial services industry and have a direct correlation to the employee's job. At times it may be appropriate that a spouse would travel to these conferences with the Company attendees. In the event a spouse travels to the event, the spouse's expenses will not be paid by the Company. Typically these conferences are sponsored by vendors, banking associations, or other industry-related entities. All conferences shall require prior approval of the CEO or CFO.

Expenditures requiring prior approval must be submitted in writing to the CEO or CFO. The Chief Executive Officer and CFO of the Company shall certify that any expenditure requiring the prior approval of any senior executive officer, any executive officer of a substantially similar level of responsibility, or the Board of Directors of the Company was properly obtained with respect to each such expenditure.

All employees of the Company are expected to comply with this Policy. **Any violation of this Policy may result in disciplinary action up to and including termination of employment. Any violations of this Policy shall be immediately reported to the CEO, at 484-568-5001 or the Vice President of Administration at 484-568-5002 if applicable to the CEO.**