

Northwest Commercial Bank
Policy on Excessive or Luxury Expenditures
Adopted by the Board of Directors
on September 7, 2009

1. Purpose of the Policy

The Board of Directors (the “*Board*”) of Northwest Commercial Bank the “*Bank*”) has adopted this Policy on Excessive or Luxury Expenditures (the “*Policy*”) to address the categories of expenditures outlined in Section 2 below and otherwise to satisfy its obligations under applicable law and regulations as a participant in the U.S. Treasury Department’s Capital Purchase Program. The Board intends, through the application of this Policy, to prohibit excessive and unreasonable expenditures in these areas, consistent with the Bank’s compensation philosophy of accountability for business and individual performance and alignment with shareholder interests.

2. Covered Expenditures

This Policy covers expenditures for:

- Entertainment or events;
- Office and facility renovations;
- Aviation or other transportation services; and
- Other similar items, activities or events for which the Bank may reasonably anticipate incurring expenses, or reimbursing an employee for incurring expenses, including but not limited to any “perquisite” as defined by the executive compensation rules of the Securities and Exchange Commission.¹

Consistent with the purpose of the Policy stated above, the Board intends through the application of this Policy to prohibit excessive expenditures in any of the foregoing categories 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 Bank’s business operations.

3. Prohibited Expenditures

The Board has deemed that each of the following expenditures by the Bank would be excessive and unreasonable, and therefore prohibited under this Policy:

- The purchase of any ownership interest in, or leasing of, aircraft for business or personal use by any employee or director;
- The charter of any aircraft for personal use by any employee or director;

¹ The SEC has stated that an item is a perquisite if it (a) is not integrally and directly related to the performance of the employee’s duties, and (b) confers a direct or indirect benefit that has a personal aspect, without regard to whether it may be provided for some business reason or for the convenience of the company, unless it is generally available on a non-discriminatory basis to all employees.

- The purchase or lease of any residential or vacation property for use by any employee or director;
- The purchase of any piece of art for display in any corporate office or facility for a price in excess of \$1,000;
- The provision of a personal assistant or other similar personal services (other than *de minimis* and incidental assistance on personal matters) to any employee or director; and
- All other covered expenditures that have not been approved in advance by the appropriate party under this Policy.

4. Expenditures Requiring Prior Approval

The Bank may incur the following categories of expenditures, subject to the appropriate prior approval being obtained.

- Expenditures for entertainment and events provided for in the annual budget approved by the Board, for the primary purpose of either creating goodwill with existing and potential customers or for employee development and morale. Non-budgeted entertainment and events exceeding \$1,000 and \$10,000 per occurrence require the prior approval of the requesting employee's manager or the Chief Financial Officer, respectively. Non-budgeted entertainment and events exceeding \$1,000 per occurrence involving primarily executive officers must be approved in advance by the Corporate Governance/Compensation Committee.
- Expenditures for office renovations that are either (i) included in the annual capital and expense budget approved by the Board, or (ii) approved by the Chief Financial Officer (for renovations up to \$25,000) or the President and CEO (for renovations of \$25,000 or more); *provided* that the Corporate Governance/Compensation Committee must approve all non-budgeted renovations to the office of the President and CEO.
- Expenditures for bank branch or general facility renovations that are either included in the annual capital and expense budget approved by the Board or, if non-budgeted, approved by the Chief Financial Officer.
- Expenditures for the following transportation services:
 - The charter of aircraft for business use, if approved by the President and CEO, but only if chartering an aircraft is reasonably necessary to accomplish a legitimate business purpose, which may take into account business efficiency;
 - The incremental cost of commercial travel in first or business class, if approved by the employee's manager in furtherance of a legitimate business purpose, which may include the ability to sleep on an overnight flight; and
 - Any other transportation service at other than the lowest reasonably available cost, taking into account business efficiency, if approved by the employee's manager;
- Expenditures for club memberships with the prior approval of the Chief Financial Officer; *provided* that the Corporate Governance/Compensation Committee must approve all club memberships for executive officers; and

- Expenditures for any item similar to the items covered above, including but not limited to any item that would be considered a perquisite as defined by SEC rules, if approved by the President and CEO, or by the Corporate Governance/Compensation Committee with respect to executive officers.

5. Approval Procedures

The party seeking approval for any expenditure covered by this Policy and not specifically prohibited must request approval in writing explaining the justification and business purpose for the proposed expenditure. The written request for approval should be submitted with as much lead time as is reasonably possible, and in any event no less than five business days (or 10 business days for matters that must be submitted to the Corporate Governance/Compensation Committee). For any matter that must be submitted to the Corporate Governance/Compensation Committee, the President and CEO will submit a request for approval to the Chair of the Committee, who will determine whether to approve, disapprove or seek full Committee review of the proposed expenditure.

6. CEO and CFO Certifications

As required by applicable regulations, the Bank's CEO and CFO must annually certify that approval was properly obtained from the appropriate person or body for all expenditures requiring prior approval under this Policy.

7. Violations and Accountability

Any employee, officer or director who becomes aware of, or has reasonable grounds to suspect, a violation of this Policy must promptly report such violation to the Chief Financial Officer (or, for violations involving such officer, to the President and CEO). All appropriate steps will be taken to protect the anonymity of anyone reporting a violation, and retaliation against those reporting violations will not be tolerated. Violations of this Policy will be cause for discipline up to and including termination of employment.

8. Disclosure; Periodic Review; Amendments.

The Bank will promptly provide this Policy to the U.S. Treasury department and the Bank's primary federal regulator, and post the Policy on the Bank's web site. The Corporate Governance/Compensation Committee will review this Policy at least annually and recommend any proposed revisions to the full Board for possible adoption. In the event of any material amendments to this Policy, the Bank will provide the amended Policy to the U.S. Treasury department and the Bank's primary federal regulator, and post the amended Policy on the Bank's web site, within 90 days after the adoption of the amended Policy.