



## **Excessive or Luxury Expenditure Policy**

Effective September 14, 2009

### **Executive Summary**

This Excessive or Luxury Expenditure 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 excessive or luxury expenditures as identified by the Secretary of the U.S. Department of the Treasury.

This Policy has been adopted and approved by Board of Directors of Trinity Capital Corporation. It is the intent of the Board of Directors that this Policy will remain in full force and effect for the duration of the period during which Trinity Capital Corporation holds funds received from the Treasury pursuant to TARP (the "TARP Period").

### **General Policy Statement**

Trinity Capital Corporation and its subsidiaries (collectively, the "Company") intend to prohibit during the TARP Period excessive or 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 excessive or luxury expenditures 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.

The following guidelines will apply during the TARP Period with regard to specific Company expenditures:

**Entertainment or 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 based on location and event type 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. It is the policy of TCC to pay entertainment and event costs and to dissuade or decline offers to pay from vendors or customers.

Examples of bona fide business-related entertainment activities and events would include:

- Taking a customer or prospective customer for a meal.
- Playing golf with a customer or prospective customer and paying for the greens fee.

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 participating in bona fide business-related entertainment 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 exceed \$2,000 in the aggregate, an employee must obtain pre-approval in writing by such employee's manager, department head or the President. Any officer of the Company must comply with the Company's existing expense reimbursement process maintained and enforced by the Cashier's Department; *provided, however*, that any expense for any single entertainment activity or event that is reasonably expected to exceed \$25,000 in the aggregate must be pre-approved in writing by the Company's Chief Executive Officer. Expenses under \$2,000 do not need prior approval and may follow the established reimbursement procedure set forth in the Employee Handbook. The Cashier's Department shall not reimburse expenses that are not documented in accordance with this Policy and the Company's existing expense reimbursement process maintained and enforced by the Cashier's Department.

**Office and Facility Construction/Renovations:** New construction and/or significant renovations of existing offices and facilities (generally those in excess of \$25,000) must generally be within the parameters of the Company's current budget and strategic plan. Therefore, any such expenditure should be pre-approved in writing by the Chief Executive Officer or the President. An exception to this may be allowed by the Chief Executive Officer, the President, Chief Operations Officer or other senior level officer 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.

The Chief Operations Officer, in consultation with the Chief Executive Officer or President, is responsible for conducting appropriate Requests for Proposal for any construction and/or significant renovation projects, and for ensuring that such projects are within the spirit, intent and guidelines set forth by this Policy. Any such requests must be approved as provided in this Policy and the Cashier's Department shall not pay any request unless it is documented in accordance with this Policy and the Company's existing expense payment processes maintained and enforced by the Cashier's Department.

**Aviation or Other Transportation Services:** Transportation of Company employees to/from conferences, business development activities or events, customer service for out-of-state clients, and other business-related transportation must generally be conducted in the most cost-efficient manner available and in accordance with the requirements in the Employee Handbook regarding educational

opportunity travel which includes obtaining prior approval of the department head. Decisions as to the mode of transportation (e.g., automobile or commercial air service) must be appropriate to the nature of the business-related travel and should take into account factors such as distance, duration, timeliness of travel, weather considerations, etc.

Except in special circumstances, such as the use of a gift or other award trip, or if approved by the Chief Executive Officer, all company-paid air travel shall be coach class on a commercial airline. Employees are expected to get the lowest fare with reasonable exceptions to accommodate schedule. Rental vehicles and accommodations shall be of reasonable cost and class for the area. Associated costs such as mini-bar, pay-per-view movies and non-business telephone and internet charges will not be reimbursed. Exceptions must be approved by the Chief Executive Officer or President. Private air services will not be permitted without the written prior approval of the Chief Executive Officer or President. The purchase or lease of any aircraft will not be permitted without the written prior approval of the Board of Directors.

Use of Company vehicles, including leased vehicles, shall generally be upon the same restrictions and conditions contained in the Employee Handbook. TCC may choose to provide a leased vehicle to an employee based upon business travel required. Leased vehicles are anticipated to be used by the employee for personal use as well as business use. TCC and the employee shall determine an estimated percentage of personal use versus business use and the employee shall reimburse TCC for the percentage of the lease cost allocated to personal use. TCC shall pay the costs associated with maintenance, repair and gas for leased vehicles. Employees are not eligible for mileage reimbursement for travel in leased or company-owned vehicles.

All business-related travel shall generally be approved through the processes provided in the Employee Handbook or otherwise approved by the Chief Executive Officer or President. The Cashier's Department will not reimburse any transportation expense that is not documented in accordance with this Policy and the Company's existing expense reimbursement process maintained and enforced by the Cashier's Department.

**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 specific position within the Company. Travel shall comply with the requirement contained in this Policy and in the Employee Handbook.

All employees must submit a Travel and Education Request form for pre-approval in writing by such employee's department head and Human Resource Director as provided in the Employee Handbook or is otherwise approved by the Chief Executive Officer, President or Board of Directors. The Cashier's Department will not reimburse any conference or travel and education expense that is not documented in accordance with this Policy and the Company's existing expense reimbursement process maintained and enforced by the Cashier's Department.

**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.

Any Company-wide employee-focused activity or events: where the anticipated expense for participation in any single employee-focused activity or event is reasonably expected to exceed \$2,000 in the aggregate, an employee must obtain pre-approval in writing by such employee's manager, department head or the President. Expenses under \$2,000 do not need prior approval and may follow the established reimbursement procedure set forth in the Employee Handbook. Any officer of the Company must comply with the Company's existing expense reimbursement process maintained and enforced by the Cashier's Department; *provided, however*, that any expense for any single entertainment activity or event that is reasonably expected to exceed \$25,000 in the aggregate must be pre-approved in writing by the Company's Chief Executive Officer. The Cashier's Department shall not reimburse expenses that are not documented in accordance with this Policy and the Company's existing expense reimbursement process maintained and enforced by the Company's Cashier's Department.

Any department-wide employee-focused activity or event shall be pre-approved in writing by the department head. If the aggregate expense in any given year is reasonably anticipated to exceed \$10,000, any expense in excess of \$10,000 must be pre-approved by the Chief Executive Officer or the President.

**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 of the Company.

**Enforcement of Policy**

All Company employees are required to comply with this Policy. The Chief Executive Officer and Chief Financial Officer 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 promptly report such violation to the Chief Executive Officer, President, Chief Financial Officer, General Counsel and/or the Human Resources Director. Two of the following persons shall be responsible for reviewing any reported violations, documenting the incident and making a final determination as to whether the Policy was violated Chief Executive Officer, President, Chief Financial Officer, General Counsel and/or the Human Resources Director. The Director for Human Resources shall ensure that the appropriate disciplinary action is imposed upon any individual found to have violated the Policy.

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This Policy may be amended 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 the Treasury and the Office of the Comptroller of Currency, and must post a copy of any such amendment on the Company's web site.

Type of Expense	Amounts	Approval Required
Entertainment or Events	Under \$2,000	Officer
	\$2,000 to \$25,000	Department Head or the President
	\$25,000 or more	Chief Executive Officer
Office and Facility Construction/Renovations (Non-Emergency or Necessary for Operation and Safety)	Under \$25,000	Purchasing or Facilities Officer or Chief Operations Officer
	\$25,000 or more	Chief Executive Officer or President and included in capital budget and/or strategic plan
Travel and Educational Opportunities	All amounts	Supervisor, Department Head and Human Resources Director, Chief Executive Officer, President or Board of Directors as provided in Employee Handbook
Employee Activities and Events (Company-wide)	Under \$2,000	Officer
	\$2,000 to \$25,000	Department Head or the President
	\$25,000 or more	Chief Executive Officer
Employee Activities and Events (Departmental)	Under \$10,000 yearly aggregate	Department Head
	Any amount in excess of \$10,000 yearly aggregate	Chief Executive Officer or President