

## **PRIVATE BANK MINNESOTA**

### **Excessive or Luxury Expenditures Policy**

THIS POLICY is hereby adopted and approved by Private Bancorporation, Inc. in order to fulfill the requirement under of Section 111 of the Emergency Economic Stabilization Act of 2008, as amended by the American Recovery Investment Act of 2009 or otherwise from time to time and rules, regulations, guidance or other requirements issued thereunder (collectively, the “EESA Restrictions”) that an “excessive or luxury expenditures policy” be adopted, which Policy shall apply to Private Bancorporation, Inc. and to **Private Bank Minnesota** treated as being the same employer under the EESA Restrictions (collectively, the “Company”).

The Company prohibits any excessive or luxury expenditures relating to entertainment or events, office and facility renovations, aviation or other transportation services and other items, activities or events that are not reasonable expenditures for staff development, reasonable performance incentives or other similar measures conducted in the normal course of business operations.

Entertainment or Events: This category of expenditure relates to activities that any officer or employee would use corporate funds for business development purposes relating to current or prospective customers or to further marketing efforts on behalf of the Company.

It is the Company’s expectation that all expenses incurred in this category will be for company purposes and used to generate business for the Company. Occasional events such as taking customers or prospects to sporting events, playing golf, dinners or other meals or similar events or parties that might build or enhance the relationship with the customer/prospect is a normal and necessary part of the Company’s marketing efforts and are not considered to be in violation of this Policy. The expenses related to these events should be documented and detailed by the officer or employee through the normal reimbursement process. “Out of town” events will require prior approval of the Board of Directors. Also, the costs for all activities should be kept in mind and monitored and should avoid the appearance to the Company’s shareholders or the public of being extraordinary or excessive.

Office and Facility Renovations: Renovations should relate to projects approved by the Board of Directors and included in the capital expenditure plan for the Company. Approved renovations should avoid the appearance of being extraordinary or excessive from the perspective of the shareholders or general public. Exceptions to approved projects will be permitted if management must deal with an emergency situation, such as the need to make a facility operational for customer use.

Aviation and Transportation Services: Transportation for officers and employees of the Company should be conducted in the most cost appropriate way for the Company. For certain officers/employees this may include the use of a company car. Modes of transportation to be used may consist of car, commercial air or rail service. The selection of transportation services should consider the cost, efficiency and timeliness of the travel as well as confidentiality needs for customer information. Private air services will not be allowed without prior approval of the Board of Directors.

Other Activities: Activities such as conferences and board or management retreats are a normal and expected practice for the Company and at times it may be appropriate that spouses attend along with the officers/employees. The Company recognizes that these activities provide significant educational, business planning and team building benefits to the Company and

therefore should not be discouraged. Likewise, employee recognition and holiday parties, including reasonable service awards and nominal door prizes are part of the Company's normal operations and will not violate the Policy. However, the costs for all of these activities should be kept in mind and monitored and should avoid the appearance to the shareholders or general public of being extraordinary or excessive.

Compliance with this Policy will be monitored by the Controller, by report to the Board of Directors. Any noncompliance will be promptly reported to the Board of Directors. Any officer or employee who engages in extravagant spending will be subject to appropriate discipline up to and including termination.

Adopted August 28, 2009.