

**UNITED AMERICAN BANK
EXCESSIVE EXPENDITURE AND LUXURY POLICY**

I. PURPOSE

The Board of Directors of United American Bank recognizes that compliance in The American Recovery and Reinvestment Act of 2009 (“ARRA”) includes the requirement that all recipients of funds in the Troubled Assets Relief Program (“TARP”) Capital Purchase Program (“CPP”) adopt a bank-wide policy regarding excessive or luxury expenditures.

II. BOARD STATEMENT

United American Bank prohibits excessive or luxury expenditures on entertainment and events, office or facility renovations, transportation services or 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 business operations. All employees of United American Bank are subject to this Policy and will be held accountable for compliance with this Policy.

III. 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 Bank. An exception can be allowed if management must deal with emergency situations, such as an act of nature, and the expenditure is necessary to make the facility operational for customer use. At no time should renovations be authorized that would have the appearance of being extraordinary or excessive.

IV. ENTERTAINMENT

Entertainment is defined as an activity in which an executive or employee would be using corporate funds for business development purposes relating to a current or prospective customer, or to further enhance the Bank’s marketing efforts.

The Board’s expectation is that all expenses incurred to the Bank would be for Bank purposes and used to attract business to the Bank. Occasional events such as taking customers or prospects on trips, playing golf, eating dinner or taking them to other events the customer or prospect would find pleasurable is a necessary part of the Bank’s marketing efforts and is not deemed as “luxury” or a violation of this Policy. These expenses should be documented and detailed as to the benefit derived by the Bank through the normal accounts payable process. Events and parties focused on customers for the purpose of attracting their business would not fall under this Policy.

V. CONFERENCES

The Board encourages the executives and 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 their job. At times it may be appropriate that a spouse would travel to these conferences with Bank attendees. Typically, these conferences are sponsored by vendors, banking associations or other industry related entities.

VI. EMPLOYEE RECOGNITION/HOLIDAY PARTIES

The Board feels that employee recognition or holiday parties are part of an employee appreciation process. These events should be local, and would include costs for such activities as service awards and nominal door prizes. An event should not cost the sponsoring business unit more than an average day's payroll per employee.

VII. BOARD/MANAGEMENT RETREATS

Retreats should only be used for educational or business planning purposes, and should be kept in consideration and viewed in the same manner and discretion as all other expenses. Board education is a vital part of maintaining and retaining a dynamic director base and this Policy should not limit a retreat that is focused on strategic planning or education.

VIII. TRANSPORTATION SERVICES

Transportation for Bank staff to outlying locations, including bank locations, conferences, business development purposes and acquisition research should be conducted in the most cost appropriate manner. Modes of transportation may consist of vehicle, commercial air or rail service. The selection of transportation services will factor in cost, efficiency and timeliness of travel.

IX. INTERNAL MONITORING OF VIOLATIONS

The TARP Compliance Officer is responsible for gathering all facts and circumstances regarding a potential policy violation, and will be referred to the Chairman of the Compensation Committee for further disposition. The TARP Compliance Officer will maintain a log of all notices of suspected violations that are received.

X. POLICY EXCEPTIONS

All exceptions to policy will require prior approval of the Chairman of the Compensation Committee.