



PACIFIC COAST BANKERS' BANCSHARES EXCESSIVE and LUXURY EXPENDITURE POLICY

This policy fulfills the requirements under the American Recovery and Reinvestment Act of 2009 (ARRA) enacted February 17, 2009. ARRA requires each recipient of funds under the Capital Purchase Program (CPP) of the Troubled Assets Relief Program (TARP) to have in place a company-wide policy regarding excessive or luxury expenditures, as identified by the Secretary of the Department of the U.S. Treasury.

Pacific Coast Bankers' Bancshares ("Company") and its subsidiaries Pacific Coast Bankers' Bank ("Bank") and Banc Investment Group, LLC ("BIG") prohibit excessive or luxury expenditures for entertainment and events, office or facility renovations, aviation or other 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.

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. An exception to this can be allowed if Management must deal with an emergency situation, 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 done that would have the appearance of being extraordinary, or excessive from a shareholder perspective.

Entertainment

Entertainment is defined as an activity that an Employee or Executive would use corporate funds for, such as business development purposes relating to a current or prospective customer, or to further enhance the Company's marketing efforts.

The Company's expectation is that all expenses incurred by Bank or BIG would be for Company purposes, and used to drive business to Bank or BIG. Occasional events such as taking customers or prospects on trips, 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. These expenses should be documented and detailed as to the benefit derived by the Company, Bank or BIG 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.

Conferences

The Company encourages staff 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 Company attendees. In these instances, the Company attendee is required to pay for any additional expenses that would not have been otherwise incurred if the spouse had not attended. For example, a taxi ride from the airport and lodging expenses can be fully expensed by the attendee because those costs would have been incurred regardless of the

spouse's attendance. Conversely, any additional meal expense incurred by the spouse should be paid for by the Company attendee, as an example. Typically these conferences are sponsored by vendors, banking associations or other industry related entities.

Employee Recognition/Holiday Parties

The Company believes that employee recognition/holiday parties are part of an employee appreciation process. These events should be local in geographic nature, and would include costs for such things 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.

Board/Management Retreats

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 education is a vital part of attracting and maintaining a dynamic director base, and this Policy should not limit a retreat that is focused on strategic planning or education.

Aviation Services

Transportation for Company staff 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 and rail service. The selection of transportation services will factor in cost, efficiency and timeliness of travel. Private air services are not allowed without the approval of the Chairman of the Company's Board of Directors.

Company Sponsored Events

All proposed events organized by the Company must serve one or more legitimate business purposes and each proposed event with a total cost exceeding \$25,000 must be supported by a written business case identifying a specific business purpose.

The business case for every proposed event exceeding the thresholds set forth above must be approved in writing by the Chief Executive Officer of the Company prior to operation of the event.

Administration

A copy of this Policy, and any material amendments to this Policy, shall be filed with the Department of the Treasury and the Company's primary regulatory agency, and posted on the Company's website, in accordance with applicable government regulations and guidance.

Any violation of this Policy must be promptly reported to the Ethics, Personnel and Nominating Committee of the Board. Violation of this policy may result in disciplinary action against those accountable for policy adherence, up to and including termination of employment.

The CEO and CFO of the Company shall certify to the Board, to the Department of the Treasury and to the Company's primary regulatory agency at least annually, in accordance with applicable government regulations and guidance, that the Company and its employees have complied with the foregoing Policy during the applicable period, and that all expenses requiring approval pursuant to this Policy have been properly approved in accordance with the requirements of this Policy. Appropriate documentation and records to substantiate such certifications shall be preserved for six (6) years after the date of each such certification in accordance with applicable government regulations and guidance.