

First American Bank Corporation and Subsidiaries

EXCESSIVE OR LUXURY EXPENDITURE POLICY

I. General Policy

It is the policy of the **First American Bank Corporation** ("FABC") and Subsidiaries (collectively, the "Company") that employees of the Company use corporate assets in a prudent manner and as such are hereby precluded from engaging in excessive or luxury expenditures. The following are the Company's minimum standards. Employees are encouraged to impose stricter standards upon themselves when they deem the relevant circumstances require such standards.

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 U.S. Department of the Treasury. This Policy is intended to supplement existing policies of the Company, including the "FABC and Subsidiaries Expense Policy." As a result, expenditures covered by this Policy may also be subject to other Company policies.

II. Types of Covered Expenditures

Expenditures in the following areas are covered by this Policy, unless excluded below:

- Aviation and other travel services;
- Office and facility improvements and/ or renovations;
- Entertainment and events; and
- Other similar items, activities or events for which the Company may reasonably anticipate incurring expenses or reimbursing an employee or director for incurring an expense.

The following expenditures are excluded from this Policy:

- Reasonable expenditures for staff development;
- Reasonable performance incentives, or
- Any other similar reasonable expenses conducted in the normal course of the Company's business operations.

III. Prohibited Expenditures

The following are prohibited under this Policy:

- The reimbursement of any non-business related expenses incurred by Company employees; and
- The reimbursement of any expenses incurred that would otherwise be prohibited under the Company's Code of Conduct.

IV. Required Approval

For purposes of this Policy, "Required Approval" shall mean approval by:

- The CFO, President or CEO of FABC (for any employee other those employees);
- President or CEO of FABC (for the CFO of FABC);
- The CEO of FABC (for the President of FABC); or
- The Chairman of the Compensation Committee of the Board of Directors of FABC (the "Board") (for the CEO of FABC).

V. Aviation and Other Travel Services

A. Aviation.

The Company does not own or lease any corporate aircraft. All air travel must be coach class unless the duration of the trip and the working requirements of the employee or employees on the trip necessitate first class travel. All expenditures by any employee for first class travel must receive Required Approval in advance. No aircraft may be chartered by an employee or director without Required Approval in advance.

B. Selected Ground Transportation.

The Company does not provide for everyday use of chauffeured automobiles. The standard rate for mileage reimbursement for employees using their personal vehicles for business purposes shall not exceed the IRS guideline in effect at the time of travel, offset by the number of miles in any employee's normal commute. The use of rental cars for business purposes may be necessary under certain circumstances, for example, if it is less expensive than other available modes of transportation or when travel requirements necessitate having the flexibility of a rental car.

Officers of the Company may contract for a chauffeured limousine when traveling on Company business only if the cost is less than other available transportation or with Required Approval. Ground transportation costs in excess of \$25,000 must receive Required Approval in advance.

C. Spousal Travel Expenses.

The Company normally does not pay the expenses of a spouse, a guest or a family member accompanying employee who is attending Company-related functions unless the attendance is required or expected (this would normally include only conventions and other major social events). Reimbursement of expenses for spousal, guest or family member travel must be requested prior to travel and must receive Required Approval in advance.

D. Lodging.

The choice of overnight lodging on business-related travel should be reasonable and appropriate under the circumstances. Luxury (four star or higher) hotels should be avoided unless business circumstances dictate. Any extended stay (three nights or longer) in a luxury-class hotel must receive Required Approval. Employees are encouraged to avoid overnight stays when one-way travel time for a one-day meeting is two hours or less. The Company will not reimburse for excessive expenditures on use of spas, fitness facilities, in-room entertainment or other similar luxury items.

E. Meals.

Expenditures for meals while on business-related travel should be reasonable and appropriate under the circumstances. Expensive or luxury restaurants should be avoided unless business circumstances dictate.

The Company will not reimburse for excessive expenditures on bottles of wine, alcoholic drinks, cigars or other similar luxury items. A meal for a single employee or group of employees that is not a marketing or entertainment expense (covered below) and which is reasonably expected to cost more than \$1,000 must receive Required Approval in advance.

VI. Office and Facility Improvements and Renovations

All proposed office and facility capital improvements and/or renovations receive Required Approval prior to the commencement of any such activities. Proposed expenditures, other than those for reasonable end of life replacement with like kind materials, with a cost exceeding \$250,000 must be approved in advance by FABC's Executive Committee.

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.

VII. Entertainment and Events

All expenditures for entertainment, meetings and events organized by the Company must serve one or more legitimate business purposes. Legitimate entertainment expenditures may include, but are not limited to, the use of corporate funds for business development purposes relating to a current or prospective customer or customers or to further enhance the Company's marketing efforts, and might include such activities as taking customers on trips, playing golf, eating dinner, or taking customers to other events which the customers might find pleasurable. Expenditures for entertainment should be well documented as to the benefit derived to the Company and approved through the normal expense reimbursement policies of the Company. In addition, proposed expenditures for discrete entertainment-related events or activities in excess of \$25,000 must be supported by a written business case identifying the specific business purpose and receive Required Approval in advance. In addition, any proposed expenditures for entertainment-related events or activities by any single employee or working group of employees exceeding \$100,000 during any given twelve-consecutive-month period must be approved in advance by FABC's Executive Committee. Legitimate expenditures for meetings and events organized by the Company may include, but are not limited to, investor relations conferences and meetings, annual shareholder meetings, Board of Directors' meetings, and other management or employee meetings called by appropriate Company personnel for legitimate business purposes. Each proposed meeting or event expenditure with a cost exceeding \$25,000 must be supported by a written business case identifying the specific business purpose and receive Required Approval. Proposed expenditures with a cost exceeding \$100,000 must in addition be approved in advance by FABC's Executive Committee.

VIII. Other Similar Items, Activities or Events

Expenditures for other similar items, activities or events for which the Company may incur expenses or reimburse an employee for incurring expenses must be for legitimate business purposes and reasonable in nature and amount. Any such expenditure exceeding \$25,000 must receive Required Approval in advance.

IX. Reporting of Violations

Any individual who violates this Policy, or knows of any such violation by any other individual, must report the violation immediately to such individual's supervisor who shall then report the violation to the CEO of FABC or to the Chairman of the Audit and Examining Committee of the Board (if an alleged violation by the CEO of FABC). The CEO of FABC will promptly report any reported violation he is aware of or receives to the Chairman of the Audit and Examining Committee of the Board. The Audit and Examining Committee of the Board will investigate any suspected or actual violation of the Policy in accordance with its procedures established for investigating complaints regarding improprieties in the Company's accounting, internal accounting controls or auditing matters. The Audit and Examining Committee of the Board will report to the full Board at its next regularly scheduled meeting with respect to any reported

violations and any recommended corrective actions. Any employee who violates this Policy shall be subject to discipline up to and including termination of employment.

X. Audit Procedures and Certifications

The CEO and CFO of FABC shall establish controls to ensure compliance with this Policy. The Company's internal audit function will perform periodic risk-based audits of compliance with this Policy and will report results of such audits directly to the Audit and Examining Committee of the Board. Within 90 days after the completion of each fiscal year of the Company in which this Policy is in effect, the CEO and CFO of FABC will certify that all the approval of any expenditure under this Policy requiring the prior approval of any senior executive officer, any executive officer of a substantially similar level of responsibility, or the Board (or a committee of the Board) was properly obtained with respect to each such expenditure.

XI. Amendments and Modifications

This Policy shall be subject to modification only with the approval of the Board.

Approved on 09/22/09