

Excessive or Luxury Expenditures Policy

AUGUST 2021

Purpose

The purpose of this policy is to establish parameters and internal controls governing the expenditures of New Omni Bank, National Association (hereinafter the “Bank”). Expenditures of the Bank should be customary, prudent, consistent with applicable laws and regulations, and reasonably related to the Bank’s business objectives and needs. The term “excessive or luxury expenditures” means excessive expenditures on any of the following 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 Bank’s business operations. Routine operating expenses, capital expenditures, and other reasonable expenses are not prohibited by this policy.

Scope

This policy applies to all Bank employees and the Bank’s board of directors (Board) with regard to any expenditure of the Bank, and especially in the areas of (1) entertainment or events; (2) office and facility renovations; (3) aviation or other transportation services; and (4) other similar items, activities, or events for which the Bank may reasonably anticipate incurring expenses, or reimbursing an employee for incurring expenses. In making any expenditure on behalf of the Bank, employees and board members should consider whether the expenditure is an excessive or luxury expenditure that is prohibited under this policy.

Authority & Responsibility

The Bank has authority to provide compensation and benefits that are reasonable. This policy establishes a prohibition on expenditures that are excessive or luxurious.

This policy is the responsibility of the Board. The Board has approved this policy and will review compliance with this policy no less frequently than annually, and summary data on excessive or luxury expenditures will be reported to the Board as part of the compliance review. The Board delegates the responsibility of annual review to its Corporate Governance, Compensation, and Personnel Committee. The Bank’s President/CEO is responsible for ensuring compliance with this policy. The President/CEO may establish or delegate to an appropriate executive officer the authority to establish processes for the evaluation and approval of expenditures in the preceding categories that are not luxury or excessive expenditures and that are not otherwise exempt from this policy.

Policy Statement

The Board prohibits expenditures that are not reasonable in nature and must be approved in accordance to the Bank’s policies and procedures. In particular, the Board will specifically review the following on an annual basis:

1. **Entertainment or events** includes fees, dues, tickets costs related to social, athletic, artistic and dining clubs, activities, celebrations or other events, and similar expenditures. Entertainment or events must promote business development purposes of the Bank and may include but are not limited to taking current or potential customers to meals or community events. These expenses should be documented in detail, including the detailed business purpose, when submitted to the Accounting Department for reimbursement. This does not include charitable contributions and charitable events, which must be reasonable, but do not require a detailed or direct business purpose.
2. **Office and facility renovations** include costs and allowances for office renovation, including expenditures related to furniture, art, office personalization, interior finishing, design and decoration, and similar expenditures. Expenditures for office and facility renovations must be reasonable and advance the Bank’s strategic plan.
3. **Aviation or other Transportation Services** includes transportation-related expenses for Bank employees and board members to conduct activities for Bank purposes.

- Expenditures for transportation by automobile, train, or boat must be conducted in a safe and cost-efficient manner, including expenditures for rental cars. Mileage reimbursement requests based on the Internal Revenue Service mileage reimbursement rate for Bank-related activities are considered reasonable on their face.
- Transportation by air should be by commercial airlines. The Bank does not own or lease and does not intend to own or lease any private aircraft for use by the Bank employees or directors. Employee and Officer's first or business class air travel requires prior approval by the President/CEO.

All aviation or other transportation expenses should be documented in detail, including the business purpose, when submitted to the Accounting Department for reimbursement.

Expenses incurred by Board members incidental to Bank business, including reasonable travel expenses are reimbursable to the director, shall be submitted for approval to the Chairman of the Board.

4. Other Items, Activities, Events

Other expenditure, including those for activities and events such as holiday parties, employee and board retreats, appreciation lunches, certificates, and Friday breakfasts, are typically used to build teamwork among employees and to recognize staff efforts in achieving the Bank's goals and strategy. These should be reasonable and in line with the Bank's strategic plan.

For the avoidance of doubt, reasonable capital investments in technology, equipment, and similar items that expand the long-term capability of the Bank to provide products and services to its customers and community are not excessive or luxury expenditures.

Accountability, Exceptions and Violations

Each employee, officer, or director of the Bank are subject to this policy and will be held accountable for compliance with this policy.

Violations of this policy must be promptly reported to the Bank's President/CEO or to the Chair of the Board's Corporate Governance, Compliance, and Personnel Committee. Any employee or officer found in violation of this policy will be subject to disciplinary action, up to and including termination of employment.

Any employee that is aware of any circumstances that may indicate a violation of this policy is required to report such circumstances to the executive officer of their department. The Bank prohibits retaliation against employees for making a good faith report of actual or suspected violations of the Bank's code of conduct, laws, regulations, or Bank policies, including this policy. A finding of retaliation against any such employee or officer may result in disciplinary action up to and including termination.

Review

The President/CEO and a senior executive officer must sign a certificate on an annual basis (i) the Bank is in compliance with this policy and (ii) the approval of any expenditure requiring the prior approval of any senior executive officer, any executive officer of a substantially similar level of responsibility, or the board of directors (or a committee of such board), was properly obtained with respect to each such expenditure. The Certification will be delivered to the Board and the Department of Treasury.