

## **EXCESSIVE AND LUXURY EXPENDITURE POLICY**

This policy fulfills the requirements outlined in Section 111 of the Emergency Economic Stabilization Act of 2008 (EESA), as amended by the American Recovery and Reinvestment Act of 2009 (ARRA) enacted on February 17, 2009. Under the interim final rule (31 CFR Part 30), ARRA requires each recipient of funds under the Capital Purchase Program (CPP) of the Troubled Asset Relief Program (TARP) to have in place a company-wide policy regarding excessive and luxury expenditures, as identified by the Secretary of the Department of the US Treasury.

**General Policy.** The employees and directors of Blue Valley Ban Corp and its subsidiaries including Bank of Blue Valley, and its affiliates (collectively, the “Company”) are prohibited from making any excessive or luxury expenditures in violation of this policy. 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 Company’s business operations:

1. entertainment or events;
2. office or facility renovations;
3. aviation or other transportation services; and
4. other similar items, activities, or events for which the Company may reasonably anticipate incurring expenses, or reimbursing an employee or director for incurring expenses.

Reasonable expenditures may be incurred for business-related activities, events and purposes, including, without limitation, legitimate travel and meeting-related costs for attendance at conferences and meetings in appropriate environments for purposes of professional development, education, training, familiarization with Company products and services, and/or networking and best practice sharing across companies and industries; provided, however, such expenditures must conform with all applicable Company policies and procedures. In general, such expenditures should provide a demonstrable return on the investment; e.g., by contributing to the Company’s competitiveness, increasing its value, or positioning it for long-term growth.

**Entertainment.** Entertainment is defined as an activity that an employee, officer, or director, would use corporate funds for business development purposes relating to a current customer(s) or prospective customer(s) or to further enhance the Company’s marketing efforts.

Our expectation is that all expenses ultimately paid by the Company would be used for Company purposes, and used to drive business to the Company. Occasional events such as taking customers or prospects on approved outings, playing golf, eating dinner, taking them to other events the customer or prospective customer would find pleasurable is a necessary part of the Company's marketing efforts and is not deemed as "entertainment" or a violation of this policy. These expenses should be documented, approved and detailed as to the benefit derived by the Company.

**Events.** Events are defined to include meetings, conferences, and employee recognition events that are intended to provide the Board, management, and employees with opportunities for individual and team education, development and recognition, business planning, market and industry networking and related business purpose objectives. Meetings may include both those that are internally organized as well as those organized by other banks, trade associations, vendors, and similar organizations. Occasionally, Bank of Blue Valley organized meetings are held in non-Company facilities such as restaurants, hotels, etc. in order to accommodate the size of the group, facilitate better delivery of the meeting, or provide participants with a venue that is most conducive for the meeting's purpose. Conferences typically offer educational, skill development, and industry networking opportunities that enhance participant performance. These conferences should be related to the financial services industry and have direct correlation to attendee's job. Conference participation is subject to approval by the President, or an Executive Vice President (referred to as "a member of executive management). Employee recognition meetings, dinners and events are held occasionally to recognize the contribution of an individual, team or all employees. The cost of such meetings must be approved by a member of executive management.

**Office and Facility Renovations.** Renovations of facilities and office spaces should be relative to the approved current budget and/or strategic plan, and tracked within the Accounting Department. An exception to this is allowed in the event management must deal with an emergency situation, such as an act of nature, and the expenditure is necessary to make the facility operational for either employee or customer use. At no time should renovations be considered that would have the appearance of being extraordinary, or excessive from a shareholder perspective.

**Aviation and other Transportation Services.** Transportation for Company staff to outlying locations such as for conferences, business development purposes, and other purposes should be conducted in the most appropriate manner. Permitted modes of transportation include automobiles, and commercial air, bus or rail service. The selection of transportation should include assessment of cost, efficiency, and timeliness of travel. Private air services are not allowed without the approval of the Chairman of the Board of Directors.

**Approval.** All expenses permitted under this policy shall be approved strictly in accordance with the Accounts Payable, Purchasing, and Employee Expenditure Policy.

**Documentation.** All Company expenditures, including those expenditures covered by this policy, shall be documented, reported, supported by written invoices, and receipts and subject to audit in accordance with standard, uniformly applied Company policies and procedures.

**Reporting Violations.** An employee or director who learns of a violation of this policy shall promptly report the violation to the President and Chairpersons of the Audit Committee and the Compensation Committee. Compliance with this policy is a condition of employment, and any violations thereof may result in disciplinary action up to and including termination.

**Certification of Compliance.** The President and the Chief Financial Officer shall certify at least annually that this policy is being followed, and that the approval of any expenditure requiring prior approval of an executive officer or the Board of Directors was properly obtained with respect to each such expenditure.