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Organizational Area:	Executive
Policy For:	Luxury Expenditures
Board Approval Date:	July 23, 2009
Individual Responsible for Update:	CFO

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### **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.

Equity Bancshares Inc (Company) and its subsidiaries, Equity Bank, A National Association and Signature Bank KC, prohibit excessive or luxury expenditures on 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 measure conducted in the normal course of business operations of Equity Bancshares Inc, Equity Bank, A National Association or Signature Bank KC.

The CEO is responsible for implementing adequate controls to assure that meetings, event and incentive/recognition travel organized by the company serves legitimate business purposes and are cost justified. The CEO of the company shall certify to the board on an annual basis, if not more frequently, that the company's expenditures comply with this policy and are not excessive, and that the approval of any expenditure requiring prior approval was properly obtained with respect to each such expenditure.

#### **General Expenditure Guidelines:**

All expenditures should be guided by the following principles:

- Entertainment or attendance at events must be for a business purpose and must be approved by the appropriate level of management.
- First class travel on company expense is prohibited. (Employees may upgrade at their own cost).
- Expenditures including goods, services or facility renovations must not be for luxury items.

#### **Responsibility for Avoiding Excess Expenditures**

Expenditures including goods, services or facility renovations must support the Company's goals and strategies and must not be deemed luxury or excessive expenditures. All purchases or expenditures must follow the appropriate process and obtain the required management approvals.

Employees are responsible for using discretion when acquiring goods and services, spending funds, traveling and/or entertaining on behalf of the Company. Management is responsible for ensuring that all expenses are reasonable, support the business strategy or requirements and fall under corporate guidelines.

### **Renovations:**

Renovations of facilities and office spaces should be relative to the approved current five year strategic 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.

### **Meetings, Events and Incentive/Recognition Travel**

Any exceptions to the business reasons for meetings, events or travel outside those included in this policy require supporting documentation (a written business case identifying a specific business purpose) and approval by the CEO.

- All meetings, events and incentive/recognition travel organized by the Company must serve one or more specified legitimate business purpose.
- The amount spent for an employee performance incentive/recognition travel shall not exceed ten (10) percent of the total award winners' compensation and benefits.
- All internal meetings or events attended only by senior management and/or board members shall be devoted to specific business purposes, and participating senior management shall be responsible for any expenses incurred for non-business related activities.
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### **Legitimate Business Purposes for Meetings, Events, Incentive/Recognition Travel**

All expenditures should be made to strengthen the competitive position of the company in the marketplace and position the company for the creation of long-term value and growth. Examples of legitimate business purposes are:

- Product launches to educate sales force, business partners and customers.
- Sales and employee meetings to align vision, strategy and tactics.
- Training and staff development meetings including professional development, improving skills or familiarity with the company's products or services.
- Employee recognition programs to motivate and reward employees for achievement and productivity.
- Professional conferences that provide networking, education and best practice sharing across companies and industries.

- Performance incentives with clear rules that are designed to motivate and reward high performers for achieving or exceeding established goals that generate incremental revenue growth for the Company in excess of the investment in the program.
- User conferences for customers utilizing the Company's products or services to obtain feedback, build networks, providing product training and capturing ideas for enhancements to the company's product offerings.
- Product development events designed to generate feedback for research and development purposes.
- Corporate-sponsored events that further charitable purposes and support local communities within the company.
- Trade shows and similar events that bring prospective buyers and sellers together.
- Strategic, business and financial planning and review meetings.
- Employee meetings as a result of company mergers, acquisitions or reorganization for the purpose of alignment of products, processes or cultures.

### **Entertainment:**

Entertainment is defined as an activity that an Employee or Executive 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 incurred to the Bank would be for company purposes, and used to drive business to the bank. Occasional events such as taking customers or prospects on trips, playing golf, eating dinner, 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 "entertainment" or a violation of the Luxury Policy. These expenses should be documented and detailed as to the benefit derived by the Bank.

### **Holiday Parties:**

We feel that holiday parties are part of an employee appreciation process. Holiday parties should be local in geographic nature, and should not cost the Company more than an average day's payroll per employee, on average. (If the payroll is \$7M annually divided by 260 days, equals \$27K in expense available for an appropriate holiday party).

Board Retreats should only be used for educational 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 maintaining, and keeping a dynamic director base, and this policy should not limit a retreat that is focused on strategic planning or education.

Events and Parties focused on Customers for the purpose of attracting their business would not fall under this policy.

### **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. The accounting department will maintain, when appropriate, an analysis of trips to determine which mode of transportation is the most appropriate for the Company and its Shareholders. Modes of transportation to be used for the analysis, for example may consist of vehicle, commercial air service and private air service. A determination of transportation analysis will factor in cost, efficiency and timeliness of travel.

**Violation of Policy**

Any violations of this policy will be reported promptly to the CEO or CFO of the Company. Employees found not complying with the guidelines contained in this policy may be subject to corrective action up to and including discharge.