



Flatirons Bank

AND FBHC HOLDING COMPANY LUXURY EXPENDITURE POLICY

This policy fulfills the requirements under the American Recovery and Reinvestment Act of 2009 ("ARRA"). Under the Interim Final Rule issued by the United States Department of the Treasury on June 15, 2009 (the "Interim Final Rule"), 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.

FBHC Holding Company and its subsidiary, Flatirons Bank (together, "the Bank"), prohibit excessive or luxury expenditures on entertainment and events, office or facility renovations, aviation or other transportation services and 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 of the Bank.

This policy replaces, amends and supersedes any prior Bank policy relating to the subject matter hereof. This policy is not intended in any way to limit or restrict the normal customary expenditures for business development, employee morale or training or the ongoing operations of the Bank.

Entertainment and Events:

Entertainment and events are defined as any event or activity for which an employee or officer would use Bank funds for business development purposes relating to a current customer or prospective customer or to further enhance the Bank's marketing or operations efforts.

The Bank's expectation is that all expenses incurred by the Bank would be for Bank purposes and used to attract or maintain business for the Bank. Occasional events such as taking customers or prospects to sporting events, playing golf, eating dinner, or taking them to other events the customer/prospect would find pleasurable is a necessary part of the Bank's marketing efforts and is not deemed as "luxury" or a violation of this policy. These expenses should be properly documented through the Bank's normal and customary expense reporting process.

Entertainment and event expenditures anticipated to exceed \$1,000 must receive prior written approval of the Bank's President.

Events for employees are considered an important part of the employee appreciation process and necessary for maintaining the positive business culture at the Bank. These events should be organized in a quality manner while keeping expenses reasonable.

Conferences and Training:

Recognized trade association conferences, conventions and training, off-site planning meetings and off-site board of directors meetings are considered a normal part of the successful operation of the Bank and are not considered entertainment events. Any expenses anticipated to exceed \$2,500 per person per event must receive prior written approval from the Bank's President.

Renovations:

Office and facility renovations will be designed to enhance operational efficiency, comply with applicable fire codes and ADA requirements, maintain a safe, sanitary and clean working environment, enhance the public image of the organization, improve employee morale, or other such worthwhile purpose as may be identified by the Bank. Renovations in excess of \$15,000 must receive prior written approval by the Board of Directors of the Bank, and the approval shall be reflected in the board minutes. No approval shall be required for ordinary and necessary expenditures for the maintenance and repair of facilities and branches or in emergency situations, such as an act of nature. The construction and finish of new branches or facilities opened by the Bank shall not be considered a renovation for purposes of this policy.

Aviation and Transportation Services:

Transportation for Bank staff or directors to outlying locations, including bank locations, conferences, business development purposes, training, and other normal business activities, should generally be conducted in the most appropriate method for the Bank. A determination of transportation costs will factor in cost, efficiency, and timeliness of travel.

Certification:

Annually, the President and the Cashier of the Bank shall certify that the approval of any expenditure under this policy requiring prior approval was properly obtained with respect to each expenditure.

Violation Reporting:

Any known or suspected violations of this policy should be promptly reported to the President of the Bank or the Board of Directors. Bank management will address violations in the manner they deem appropriate.

Adherence to Policy:

All employees, officers, and directors of the Bank are expected to adhere to the provisions of this policy. Non-compliance will subject the employee to disciplinary action, up to and including termination of employment.

Amendment of Policy:

Only the Board of Directors may amend this policy. The Board of Directors may amend this policy from time to time as needed in their discretion.