

## **Oregon Bancorp, Inc. and Willamette Valley Bank Excessive or Luxury Expenditures Policy**

### **General Policy**

It is the policy of Oregon Bancorp, Inc. (the “Company”) and Willamette Valley Bank (the “Bank”) that directors and employees utilize corporate assets in a prudent manner. Directors and employees are prohibited from engaging in excessive or luxury expenditures.

### **Types of Excessive or Luxury Expenditures**

Excessive or luxury expenditures can occur in the following areas:

- entertainment or events;
- office and facility renovations;
- aviation and other transportation services; and
- other similar items, activities or events 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 business operations.

### **Entertainment**

The Chief Executive Officer (“CEO”) may establish reasonable entertainment allowances for employees, and the Board of Directors may establish such allowance for the CEO. In the absence of such allowance, the CEO must approve all reimbursements for employee entertainment expenses exceeding \$1,000, and the Chairman of the Board of Directors (the “Chairman”) must approve CEO entertainment expenses exceeding \$2,000. As a matter of practice, however, the CEO reviews all corporate credit expenditures for his direct reports and the CEO or CFO review all accounts payable transactions. The Board of Directors may establish a reasonable entertainment allowance for directors. The Chairman must approve director entertainment expenditures. If a client or prospective client is being entertained, the individual’s name, affiliation, place of meeting or entertainment and business reason for the entertainment must be included on the expense voucher submitted for reimbursement.

### **Events**

All proposed meetings and events must serve one or more legitimate business purpose(s). Each proposed meeting or event with a cost exceeding \$10,000 individually, or department meeting or events exceeding \$25,000 in aggregate during a given calendar year, must be supported by a written instrument identifying the specific business purpose and approved by the CEO. The Board of Directors must approve each proposed meeting or event with a cost exceeding \$25,000 in addition to meetings or events that would cause aggregate event expenditures to exceed \$50,000 for a department in a calendar year.

### **Office and Facility Renovations**

The CEO must approve all proposed office and facility renovations with a cost exceeding \$5,000 in writing prior to the commencement of any such renovations. The Board of Directors must approve all proposed office and facility renovations with a cost exceeding \$25,000. Any other proposed office or facility renovations must be (a) approved by the head of the department for which the specified renovations is provided, and (b) within the allocated budget for the fiscal year for such renovations.

## **Aviation and Other Transportation Services**

*Procedure for Reimbursement.* All travel related expenses incurred by an employee in the ordinary course of business shall be submitted to the Company or Bank on an expense report and approved by such employee's supervisor before being submitted to accounts payable for reimbursement. All travel related expenses incurred by a director in the ordinary course of business shall be submitted to the Company or Bank on an expense report and approved by the CEO before being submitted to accounts payable for reimbursement. All mileage related reimbursements and travel related expenses incurred by the CEO in the ordinary course of business exceeding \$5,000 during a quarter shall be submitted to the Company or Bank on an expense report and approved by the Chairman before being submitted to accounts payable for reimbursement. Any travel related expenditures not covered by the foregoing must be approved in writing by the employee's supervisor if requested by an employee, or the Chairman if requested by the CEO or a director, prior to being incurred.

*Aviation.* The Chairman, the CEO or the employee's supervisor, as applicable, must approve use of commercial airlines. All plane fares and reservations should be booked in order to obtain the lowest reasonable rate. No aircraft may be chartered by a director or employee without the prior approval of the Chairman.

*Automobile and Mileage Related Expense.* The standard rate for mileage reimbursement for directors and employees using their personal vehicles for business purposes is the IRS guideline in effect at the time of travel. Mileage should be tracked from the beginning point of travel (home or office) to the point of destination for business related travel. Directors and employees will be reimbursed for parking and tolls when these expenses are required in the course of business.

*Lodging.* Directors and employees are encouraged to avoid overnight stays when one-way travel time for a one day meeting is two hours or less. Exceptions are conferences, group meetings, etc. that have been previously approved by the employee's supervisor or the CEO. Expenses such as spas, fitness facilities, in-room movies, laundry and dry-cleaning services, etc., must be paid by the director or employee and will not be reimbursed.

*Rental Cars.* The use of rental cars for business purposes may be necessary under certain circumstances. Reservations for car rentals should be made in order to take advantage of any corporate rates or discounts with car rental agencies.

*Taxi.* Taxi fares will be reimbursed if incurred during the normal course of business. Receipts should be submitted on an expense report.

*Meals.* Directors and employees will be reimbursed for reasonable meal expenses incurred during business related travel. Without prior approval, the maximum reimbursement for meals is \$75 per day when incurred during out-of-town business travel that includes overnight lodging. Without prior approval, the maximum reimbursement for meals is \$50 per day when an overnight stay does not occur. Receipts will be required on meals of \$25 or more.

*Spouse/Travel Expenses.* The Company and Bank will not pay the expenses of a spouse, a guest or a family member accompanying a director or employee who is attending business related functions unless the attendance is required or expected. Reimbursement of these expenses must be requested and approved prior to the function by the Chairman, the CEO or the employee's supervisor, as applicable.

## **Other Activities**

The CEO or the Chairman must approve all other activities or events that are not reasonable expenditures for staff development, reasonable performance incentives or other similar reasonable measures conducted in the normal course of business operations.

## **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 or to the Chairman, if an alleged CEO violation. Any director or employee who engages in excessive or luxury spending shall be subject to discipline up to and including termination of employment or removal from or omission of re-nomination to the Board of Directors.

## **Certification**

The CEO and Chief Financial Officer shall certify to the Board of Directors at least annually that the provisions of this policy are being enforced and are sufficient to provide reasonable assurance that the Company's and Bank's expenditures are not excessive.

## **Amendments and Modifications**

This policy shall be subject to modification only with the approval of the Board of Directors stating the specific business rationale for the change in policy.

The boards of directors of Oregon Bancorp, Inc. and Willamette Valley Bank approved this policy as of March 20, 2013.