



**IBW Financial Corporation
Emergency Capital Investment Program
Excessive or Luxury Expenditures Policy**

Approved by the Board of Directors:

September 27, 2022

This policy fulfills the requirements under the Department of the Treasury's ("Treasury") Emergency Capital Investment Program ("ECIP") regulations (31 CFR Part 35), and as may be required by other statutes and regulations. Treasury requires each recipient of funds under the ECIP to have in place a company-wide policy regarding excessive or luxury expenditures.

IBW Financial Corporation, (the "**Company**"), prohibits excessive or luxury expenditures on entertainment and events, office or facility renovations, aviation or other transportation services, tax gross-ups, or other similar items, activities. Excessive or Luxury Expenditures is defined as expenditures on entertainment, events, office or facility renovations, aviation or other transportation services, tax gross-ups, staff development, reasonable performance incentives, or other similar reasonable measures conducted in the normal course of the Company's business operations.

Renovations:

Renovations of facilities and office spaces should be relative to the approved project and reasonable to similar projects and tracked within the Capital Budget of the Company. An exception to this can be allowed if management must deal with an emergency, such as an act of nature, and the expenditure is necessary to make the facility operational for customer or employee use.

At no time should renovations be done that would have the appearance of being extraordinary or excessive from a Board perspective.

Entertainment:

Entertainment is defined as an activity for which an employee or executive would use corporate funds for business development purposes relating to a current or prospective customer or to further enhance the Company's marketing efforts.

Our expectation is that all expenses incurred to the Company would be for company purposes and used to drive business to the Company. Occasional events involving customers or prospects such as trips, golf, meals, or other events is a necessary part of the Company's marketing efforts and is not deemed as "entertainment" or a violation of this policy. These activities are deemed Business Development, should not be excessive and *should be* monitored through the Officer Debit Card Use Review process

Conferences:

We encourage our staff to attend conferences that are appropriate educational opportunities and/or developmental and have a direct or future correlation to their responsibilities. At times it may be appropriate that a spouse would travel to these conferences with Company attendees. Typically, these conferences are sponsored by vendors, banking associations, non-profit associations, or other industry related entities.

Expenses for these conferences should not be excessive.

Aviation or other Transportation 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.

Modes of transportation to be used may consist of vehicle, commercial air, or rail service. The selection of transportation services will factor in cost, efficiency, and timeliness of travel.

Private air services must be submitted for prior approval to the Chairman of the Board.

Special Purpose Celebrations:

From time to time the Bank sponsors special purpose celebrations (milestones, milestone anniversaries, bank wide meetings, holiday parties, etc.) that are part of employee and customer appreciation. These events should generally be local in geographic nature and could include costs for such things as service awards and nominal door prizes.

Board education is a vital part of maintaining and keeping a dynamic director base. Retreats for the Company's Board of Directors (the "**Board**") should only be used for educational and/or planning purposes and viewed with similar discretion as all other expenses.

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

Tax Gross-Ups:

This category includes any reimbursement of taxes owed with respect to any compensation. This category does not apply to tax equalization agreements for employees subject to tax from a non-U.S. jurisdiction.

Administration:

The COO is responsible for the day-to-day administration of this policy, and the CEO is accountable for overall adherence to this policy and must approve any exceptions. Strict adherence to this policy is mandated for all Company employees. Violations of this policy shall be promptly reported to the Board. Exceptions and violations must be reported to the Board no less frequently than annually, or more frequently as the nature and severity of violation may warrant.

Following any prior approval of private air services by the Chairman, the CFO, and the CEO shall certify that such approval was obtained, and such certification shall be maintained in

the Company's corporate records.

This policy, and any amendments hereto, shall be posted on the Company's website and provided to Treasury and the Board of Governors of the Federal Reserve System.

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

The CEO has designated the COO as the appropriate executive officer with 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. These processes must be reviewed by executive management no less frequently than annually, as well as any additional threshold expenditure amounts per item, activity, or event, or a threshold expenditure amount per employee receiving the item or participating in the activity or event under this policy. Such approvals must be reported to the Board (which may be in an appropriate summary form) no less frequently than annually.

Certification:

On an annual basis, the Company will deliver to Treasury a certification, executed by two senior executive officers (one of which must be either the Company's principal executive officer or principal financial officer) certifying that (i) the Company complies 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 (or a committee of such Board), was properly obtained with respect to each such expenditure.