Peninsula Bank Holding Co.
EXCESSIVE AND LUXURY EXPENDITURE POLICY

This Excessive and Luxury Expenditure Policy (the "Policy") fulfills the requirements under the American Recovery and Reinvestment Act of 2009 ("ARRA") which was signed into law on 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 Treasury of the United States. Peninsula Bank Holding Co. (the "Company") and its subsidiary, The Private Bank of the Peninsula, prohibit excessive or luxury 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 and 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 for incurring expenses (each a "Covered Activity" and collectively known as "Covered Activities"). All employees of the Company are required to adhere to the Policy.

Entertainment and Events:

Entertainment is defined as an activity that an employee or executive would use corporate funds for and which relates to business development purposes for current customers or prospective customers or which further enhances the Company's marketing efforts. Our expectation is that all expenses incurred by the Company would be for Company purposes, and used to create goodwill with customers and prospective customers and drive business to the Company. 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 considered "luxury" or a violation of the Policy. These expenses should be documented and detailed as to the benefit derived by the Company, should be approved in accordance with the Company's existing expense approval process, and should be reasonable in cost and scope relative to the benefit expected to be derived by the Company. This policy excludes events that are undertaken in support of charitable or non-profit organizations where the cost and scope are reasonable.

Any entertainment or events that are not with a customer or prospective customer are considered employee events. If not previously approved through our normal budgeting process, such entertainment or events should be reasonable in cost and scope and must be approved by the departmental supervisor and the Chief Executive Officer or the Chief Financial Officer.

Conferences:

The Company encourages its employees to attend conferences that present appropriate educational opportunities. These conferences should be related to the financial services industry, and be approved by the employee's immediate supervisor and the Chief Executive Officer or the Chief Financial Officer and have a direct correlation to the employees' respective jobs. 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, or other industry related entities. This Policy would exclude reward conferences whether paid for by the Company or other venders as a violation of this policy if the purpose is meant to be a reward, or would have no value of education to the employee or executive.

Holiday Parties:

We feel that holiday parties for our employees are part of an employee appreciation process. Holiday parties should be local in geographic nature, reasonable in cost and scope and should be approved in accordance with the Company's normal budgeting process.

Board Retreats

Board retreats should only be used for educational and development purposes, and should be reasonable in cost and scope, and looked at in the same view and discretion as all other Company expenses. Board education is a vital part of maintaining, and keeping a dynamic director base, and this policy should not limit any Board retreat that is reasonable and focused on strategic planning or education.

Office or Facility Renovations:

Renovations of facilities and office spaces should be reasonable in cost and scope and done under the authority of an approved strategic plan. Spending on major renovations must be tracked against the budget and major cost overruns must be justified. 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 use.

Aviation and Other Transportation Services:

Transportation for Company staff to outlying locations, including bank locations, conferences, business development purposes and merger and acquisition research, should be chosen using reasonable care, and lowest cost available options should be used whenever reasonably possible. First class air travel should be avoided unless there is an emergency situation and there is no other reasonable alternative. Town car or limousine travel is permitted if the cost is comparable to other ground transportation. In general, employees should use their own transportation to go to the airport and pay for long term parking unless their trip involves an extended stay.

Other Similar Items, Activities or Events

To the extent other expenditures are incurred which are similar in nature to the foregoing expenses, such expenditures should be previously approved as part of the normal budgeting process or in accordance with the procedures set forth below and should otherwise be reasonable in cost and scope.

Prior Approval

Any expenditure in excess of $1,500, related to a Covered Activity, is required to be submitted for approval to the Company's Chief Executive Officer or Chief Financial Officer at least two weeks in advance of the anticipated incurring of said expense unless previously approved. Prior approval is not required in the case of an emergency Office or Facility Renovation as discussed above, but such emergency expense must be submitted to the Company's Chief Executive Officer as soon thereafter as possible for review. Any expenditure in excess of $5,000 related to a Covered Activity and proposed by the Company's Chief Executive Officer is required to be submitted for approval to the Company's Compensation Committee at least three weeks in advance of the anticipated incurring of said expense.

The Company's Chief Executive Officer shall have the ultimate authority to decide whether or not the expenditure is reasonable, except, in the case of expenditures proposed to be incurred on behalf of the Chief Executive Officer, in which case the Company's Compensation Committee shall have the ultimate authority to decide whether or not the expenditure is reasonable. If the expenditure is found to be reasonable the Chief Executive Officer will direct the Company to pay for the expenditure.

Violations

Any violations of this policy shall be promptly reported to the Company's Compensation Committee. Any employees found to have violated this policy will be subject to appropriate discipline in accordance with the Company's employee handbook which may include an action by the Company to recover funds that were disbursed in violation of this policy.

Review

The Board of Directors shall review and approve this Excessive and Luxury Expenditures Policy at least annually.

Access to Policy

This Excessive and Luxury Expenditures Policy shall be provided to the United States Department of the Treasury ("UST") and the Federal Reserve Bank ("FRB"). In addition, this policy shall be posted on the Company's corporate website. If the Board of Directors makes any material amendments to this policy, within 90 days of the adoption of such amendments, this policy, as amended, shall be provided to the UST and the FRB, and such amended policy shall be posted on the Company's corporate website.

CEO and CFO Certification

The CEO and CFO of the Company are required to certify annually that 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 Company's board of directors (or any committee of such board of directors) was properly obtained with respect to such expenditure.

The terms of this policy are meant to comply with the requirements of ARRA (and the guidance thereunder) and any ambiguity or conflict will be resolved in favor of the requirements instituted under ARRA.