PGB HOLDINGS, INC.

&

PACIFIC GLOBAL BANK

EXCESSIVE OR LUXURY EXPENDITURE POLICY

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I. PURPOSE

The Board of Directors of PGB Holdings, Inc. (the "Company") and Pacific Global Bank (the "Bank"), the Company's fully-own subsidiary, has adopted this Excessive or Luxury Expenditure Policy ("Policy") in compliance with the requirements under the American Recovery and Reinvestment Act of 2009 ("ARRA") enacted February 17, 2009. The ARRA, which amends certain sections of the Emergency Economic Stabilization Act of 2008, requires each recipient of funds under the Capital Purchase Program of the Troubled Assets Relief Program ("TARP") to have in place a company-wide policy regarding excessive or luxury expenditures during the period that the Company participates in TARP, as identified by the Secretary of the Department of the U.S. Treasury ("Treasury").

II. POLICY STATEMENT

It is the Company and the Bank's Policy to prohibit excessive or luxury expenditures with respect to the following:

- Entertainment and events;
- Office and 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 Company or Bank business operations.

The Board of Directors of the Company and the Executive Management of the Bank are responsible for the effective implementation of this Policy, and they shall have the following roles:

1. Monitor expenditures addressed by this Policy to ensure compliance.
2. Document and justify any exceptions to this Policy and report exceptions to the Board.
3. Promptly recommend modifications of this Policy to the Compensation Committee to ensure that it remains compliant with the TARP Standards for Compensation and Corporate Governance as defined by the Treasury (31 CFR Part 30) as it may be amended.

4. Ensure that the Policy is posted on the Company and Bank websites.

III. Scope of Policy

This Policy applies to all directors, officers and employees of the Company and the Bank. Additionally, this Policy specifies prohibited expenditures, approval procedures for expenditures which require prior approval, certification requirements of the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), the reporting of actual or suspected violations, and compliance monitoring.

The types and categories of expenditures covered by this Policy are as follows:

1. Entertainment

Entertainment is defined as an activity that an officer or employee would use corporate funds for business-development purposes relating to a current customer or prospective customer or to further enhance the Company or the Bank's marketing efforts. The Policy is that all expenses incurred by the Company or the Banks should be for corporate purposes and used to develop business of the Company or the Bank. Occasional events such as taking customers or prospects on trips, playing golf, eating dinner, or taking them to other events the customer/prospect would find pleasurable is a necessary part of Company or Bank marketing efforts and not deemed as "luxury" or a violation of this Policy. These expenses should be documented and detailed as to the benefit derived by the Company or the Bank through the normal accounts payable process.

2. Conferences / Events

The Company and the Bank encourage employees and officers to attend conferences that are appropriate educational opportunities. These conferences must be related to the financial services industry and have a direct correlation to their job. At times, it may be appropriate that a spouse would travel to these conferences with Company or Bank attendees. Typically these conferences are sponsored by vendors, banking associations, or other industry-related entities. Meetings and conferences may include both those that are internally organized as well as those organized by other banks, trade associations, vendors and similar organizations. The cost of such meetings and conferences must be approved in advance by a member of executive management of the Company or the Bank.

3. **Employee Recognition / Holiday Parties**

Employee recognition / holiday parties are part of the Company's employee appreciation process. These events should be local in geographic nature and reasonable in cost.

4. **Board / Management Retreats**

Retreats shall only be used for educational or business-planning purposes. 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.

5. **Travel Expenses**

a. Transportation
Transportation for Company or Bank 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 and Bank. Means 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. Expenditures for the use of an automobile must be reasonable. Mileage reimbursement must be in accordance of the IRS guideline in effect at the time of travel.

b. Lodging
Directors, officers, and employees are encouraged to avoid overnight stays whenever possible. All overnight stays require approval by the CEO or CFO. When possible, all lodging should be booked through the appropriate personnel with knowledge of any corporate rates or discounts.

c. Meals
The Company or the Bank will reimburse officers and employees for reasonable meal expenses that are incurred during business related travel. All meal costs must be substantiated with a valid receipt and submitted for reimbursement on the employee's expense report or from petty cash.

6. **Office and Facility Renovations**

Renovations of facilities and office spaces should be relative to the approved project and current business plan of the Company or the Bank. An exception will be permitted to address an emergency situation, such as an act of nature, and the expenditure is necessary to make the facility operational for customer use.

Expenditures for office furnishings, remodeling, or redecoration for any senior executive officer as defined in the EESA ("SEO"), the aggregate cost of which exceeds $25,000, is generally prohibited. This prohibition does not extend to a corporate relocation or remodeling impacting a majority of the corporate offices or a newly-constructed branch, branch renovation, or branch relocation.

IV. Expenditures Requiring Prior Approval

1. General

The following expenditures require the pre-approval of the CEO or the CFO if the amount exceeds $10,000 and are not otherwise prohibited by this Policy:

a. Entertainment, conferences, board/management retreats, or other events;

b. Office and facility renovations;

c. Aviation or other transportation services; and

d. Other similar items, activities, or events for which the Company or the Bank may reasonably anticipate incurring expenses or reimbursing an employee for incurring expenses.

2. Exceptions

Notwithstanding the foregoing, prior written approval is not required for the expenditures that are:

e. to remediate emergency or hazardous conditions;

f. to comply with building codes and ordinances;

g. to satisfy legal, contractual, or regulatory requirements; and

h. under the Board-approved annual operating budget.

V. Administration and Certifications

The CFO and accounting staff are 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. On an annual basis, all senior officers of the Bank are required to sign a Certificate of Compliance (Appendix A). All Company and Bank expenditures, including those covered by this Policy, shall be documented, reported, supported by written invoices and receipts, and subject to internal and external audits. Strict adherence to this Policy is mandated for all Company and Bank directors, officers, and employees.

Within 90 days of the completion of each fiscal year of the Company, the CEO and CFO of the Company shall certify that the Company and the Bank have complied with this Policy during the fiscal year or since the date of enactment of this Policy, and that any expenses requiring approval were properly approved. The certification shall be provided to the Department of the Treasury and the Federal Reserve Bank of Chicago.

The Board of Directors must review and approve this Policy on an annual basis, or in the event of subsequent amendments to the TARP Standards for Compensation and Corporate Governance as defined by the Treasury, in such time frame required by the amendment.