

CARDINAL BANCORP II, INC./UNITED BANK OF UNION

LUXURY EXPENDITURE POLICY

This policy fulfills the requirements under the American Recovery and Reinvestment Act of 2009 (“**ARRA**”) enacted February 17, 2009 for the establishment of a Luxury Expenditure Policy. We are required to have in place a company-wide policy regarding excessive or luxury expenditures, as identified by the Secretary of the Department of the Treasury.

Cardinal Bancorp II, Inc. and United Bank of Union (collectively the “**Bank**”) prohibit excessive or luxury expenditures on entertainment and events, office or facility renovations, aviation or other transportation services, and other similar items, activities or events that are not reasonable expenditures for conferences, staff development, reasonable performance incentives or other similar measure conducted in the normal course of business operations of the Bank. Any employee who violates this policy shall be subject to discipline, up to and including termination of employment.

Renovations:

Renovations of facilities and office spaces must be part of the Bank’s approved annual financial plan. 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 customer use. At no time should renovations be done that would have the appearance of being extraordinary or excessive from a shareholder 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 customer or prospective customer, or to further enhance the Bank’s marketing efforts.

Our expectation is that all expenses incurred on behalf of the Bank would be for Bank purposes, and used to develop business for the Bank. Occasional events, such as taking customers or prospects on trips, playing golf, eating dinner, and attending other events is a necessary part of the Bank’s marketing efforts and should *not* been deemed as “entertainment” or a violation of this policy. These expenses should be documented and detailed as to the benefit derived by the Bank. Entertainment and event expenditures anticipated to be in excess of \$5,000.00 must be reviewed with and approved by the Bank’s C.E.O. / President or Executive Vice President prior to expenditure.

Conferences:

We encourage our staff to attend conferences that are appropriate educational opportunities. These conferences should be related to the financial services industry and have a direct correlation to their jobs. At times it may be appropriate that a spouse would travel to these conferences with Bank attendees. Typically these conferences are sponsored by vendors, banking associations, or other industry related entities. The cost of such conferences must be approved in advance by the Bank's C.E.O. / President or Executive Vice President, if the Bank's C.E.O. / President or Executive Vice President deems the attendance of such spouse appropriate. If such costs are not approved by the Bank's C.E.O. / President or Executive Vice President and the spouse intends to attend the conference, the spouse must pay to attend the conference.

Employee Recognition/Holiday Parties:

We feel that employee recognition and holiday parties are part of an employee appreciation process. These events should be local in geographic nature, and should include costs for such things as service awards and nominal door prizes. An event should not cost the sponsoring business unit more than an average day's payroll per unit employee.

Board/Management Retreats:

Retreats should only be used for educational or business planning purposes, and should be kept in consideration and looked at in the same view and discretion as all other expenses. 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.

Aviation Services:

Transportation for 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 Bank. Modes of transportation to be used may consist of automobile, commercial air or rail service. The selection of transportation services will factor in cost, efficiency, and timeliness of travel. Private air services are not allowed without the approval of the Bank's C.E.O. / President or Executive Vice President.

Administration:

The Controller is responsible for the day-to-day administration of this Policy, and the C.E.O. / President is accountable for overall adherence to this Policy and must approve any exceptions. Strict adherence to this Policy is mandated for all Bank employees. Violations of this Policy shall be promptly reported to the C.E.O. / President. Following any approval of any expenditure herein as required by this Policy, the Controller and the C.E.O. / President shall certify that such approval was obtained and such certification shall be maintained in the Bank's corporate records.

This Policy and any amendments hereto, shall be posted on the Bank's Internet website and provided to the U.S. Department of the Treasury and the primary State regulatory agency for the Bank.