



CARVER BANCORP, INC

EXCESSIVE OR LUXURY EXPENDITURE POLICY

This policy fulfills the requirements outlined in Section 111 of the Emergency Economic Stabilization Act of 2008 (EESA), as amended by the American Recovery and Reinvestment Act of 2009 (“ARRA”) enacted on February 17, 2009. Under the interim final rule (31 CFR Part 30), ARRA requires each recipient of funds under 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 U.S. Treasury (“Treasury”).

It is the policy of Carver Bancorp, Inc (“Carver”), Carver Federal Savings Bank (the “Bank”) and its Subsidiaries (collectively the “Company”) to prohibit excessive or luxury expenditures on entertainment and events, office or facility renovations, aviation or other transportation services or other activities or events that are not reasonable expenditures for conferences, staff development, reasonable performance incentives or other similar reasonable measures conducted in the normal course of the Company’s business operations. This policy applies to all employees, officers and directors of Carver Bancorp, Inc and Carver Federal Savings Bank and its Subsidiaries. **Failure to comply with this policy can result in disciplinary action up to and including discharge.**

All expenditures by the Company must have a legitimate business purpose, follow a defined approval process, and be reasonable in nature and amount as determined by senior management or the Board of Directors as required herein.

In the normal course of business, the Company provides expense reimbursement to employees for business related expenses in reasonable amounts. To be reimbursed for such legitimate business expenses, the employee must comply with proper documentation requirements, approval processes and timing of reimbursements as set forth in the Company’s “Expense Reimbursement Policy and Procedures”.

ENTERTAINMENT AND EVENTS

Legitimate expenditures for entertainment and events may include, but are not limited to, the following:

- Investor relations trips, conferences and meetings.
- Annual shareholders meetings.
- Board of directors meetings, both on and offsite.
- Management or employee meetings called by appropriate Company personnel for legitimate business purposes.
- Conferences, schools, or other professional development activities.
- Training and staff development meetings to improve participants’ skills and/or their familiarity with the Company’s products or services, procedures and policies, and corporate values.
- Employee recognition programs to motivate and reward employees for achievement and/or productivity.
- Customer meetings or Company sponsored events to offer the Company’s products or services, obtain feedback, show appreciation to customers or for other legitimate business purposes.
- Company sponsored events, typically within local markets, that advance charitable or civic purposes where the Company can enhance its public image while supporting the local community and fulfilling its obligation for good corporate citizenship.



All such expenditures must be for legitimate business purposes and reasonable in nature and amount and shall be made in accordance with the Company's procurement policy. The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") shall be responsible for implementing adequate controls to assure that all entertainment and/or event expenses paid by the Company are for legitimate business purposes, are reasonable in nature and amount and are not excessive. All entertainment and/or event expenses shall be properly documented. The more substantial the expenditure, the more thorough the documentation required. Any entertainment and/or event expense that does not serve a legitimate business purpose or is not reasonable in nature and amount is prohibited.

RENOVATIONS

Renovations of facilities and office spaces shall be made in accordance with the Company's procurement policy and should be relative to the approved current budget and/or strategic plan, and based on business rationale and cost effectiveness. An exception to this is allowed in the event management must deal with an emergency situation, such as an act of nature, and the expenditure is necessary to make the facility operational for either employee or customer use. At no time should renovations be extraordinary or excessive. All office and facility renovations must be supported by a specific business purpose. All renovations must be approved by CEO or CFO, or their designee. All major renovations shall be reported to the Board of Directors.

AVIATION, RAIL OR OTHER TRANSPORTATION SERVICES

The Company acknowledges that travel is an important element of the job. However, when it is necessary to travel, employees must use good judgment in choosing the method of travel. The Company does not own corporate aircraft or own fractional interest in corporate aircraft. The Company does not provide for everyday use of chauffeured automobiles or personal luxury vehicles.

- When traveling on Company business, air or rail travel reservations should be made so as to secure the best available fare consistent with the reasonable time of travel and convenience requirements for the trip.
- All travel must be coach class unless the duration of the trip and the working requirements of the employee or employees on the trip necessitate first class or business class travel. **All expenditures for first class or business class travel must be approved in advance by the CEO or CFO, or their designee. Except for emergency travel, all employees and officers, with the exception of the CEO, must submit their written request for first class or business class travel at least five days before the travel date(s),**
- When needed for Company business, Company personnel may, but are not required to, rent a vehicle if it is less expensive than other available modes of transportation such as taxis, limousines and airport/hotel shuttles or when travel requirements necessitate having the flexibility of a rental car. Whenever multiple employees are traveling together, every effort to ride share or carpool should be made.

OTHER ACTIVITIES OR EVENTS

Other similar items, activities or events for which the Company may incur expenses, or reimburse an employee for incurring expenses, which are not specifically addressed elsewhere in this policy (e.g. performance incentives) shall be for legitimate business purposes and reasonable in nature and amount.



- The Company believes that a company-wide annual holiday party and a company-wide annual picnic, which may include family members, are important in terms of employee appreciation and employee morale. Accordingly, this policy does not prohibit expenditures in conjunction with such events. However, such employee events must be local, overnight or travel expenses will not be paid by the Company and the expenses shall be reasonable in light of the size of the Company and number of employees attending.
- All meetings or events attended by senior executives (as defined by applicable Treasury Department guidelines) and/or Board members shall be devoted to specific business purposes and well-documented. Participating senior executives and Board members shall be responsible for any expenses incurred for non-business related activities, and shall promptly reimburse the Company for any such expenses if paid by the Company.

SPOUSES

The Company acknowledges that spouses or significant others may accompany employees, officers and directors to Company events or entertainments, including business trips. Employees, officers and directors are responsible for the spouses or significant others travel and other expenses associated with the event or entertainment. This policy does not prevent the Company from inviting spouses or significant others to Company sponsored events and for paying for related expenses.

REQUIRED REPORTING

Any violations or departures from policy requirements shall be promptly reported to the CEO or CFO, or their designee, unless such violations or departures relate to the CEO or CFO. Violations or departures from this policy by the CEO or CFO should be promptly reported to the Company's Board of Directors through either the Chief Risk Officer ("CRO") or any member of the Finance and Audit Committee.

MONITORING

Compliance with this policy shall be monitored by the CFO.

Approved February 28, 2018