



Excessive or Luxury Expenditure Policy

Approved November 6, 2009

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Policy Objectives

The Board of Directors and Senior Executives of BlackRidge Financial, Inc. are committed to fulfilling the requirements set forth in the Emergency Economic Stabilization Act of 2008 ("EESA"), as amended by the American Recovery and Reinvestment Act of 2009 ("ARRA") enacted 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 U.S. Treasury.

The objective of this policy is to fulfill BlackRidge Financial's requirement pursuant to the TARP Standards for Compensation and Corporate Governance as defined by the Department of Treasury (31 CFR Part 30) to have in place a company-wide policy regarding excessive or luxury expenditures as defined by the Department of the Treasury pursuant to EESA and ARRA.

Policy Statement

It is the policy of BlackRidge Financial, Inc. that excessive or luxury expenditures on entertainment or events, office and facility renovations, aviation or other transportation services, and other similar items, activities or events for which BlackRidge Financial, Inc and its subsidiaries ("BlackRidge") may reasonably anticipate incurring expenses or reimbursing an employee for incurring expenses are prohibited to the extent that such expenditures are not reasonable expenditures for staff development, reasonable performance incentives, or other similar reasonable measures conducted in the normal course of business.

Expense Categories, Definitions and Expectations

1. Entertainment is defined as activities for which an employee or management would use corporate funds for business development purposes relating to current or prospective customers or to enhance BlackRidge's marketing efforts. Our expectation is that all expenses incurred for these activities would be for corporate purposes with the objective of attracting business to BlackRidge. Occasional events such as taking customers or prospects to restaurants, theater, sports events, concerts, golf, and other activities that the customer/prospect would find enjoyable and provide an opportunity to enhance business relationships. Expenditures for these purposes in the normal course of business are a necessary part of BlackRidge's marketing efforts and are not deemed as "luxury" or a violation of this Policy. Expenditures for this purpose exceeding \$2,500 must be approved in advance by a Senior Executive. These expenses should continue to be documented and detailed as to the benefit derived by BlackRidge through the normal accounts payable process.
2. Events, Conferences and Other Similar Activities are defined to include events, conferences, employee recognition events and similar activities that are intended to provide the board of directors, management and employees with opportunities for individual and team education, development and recognition, business planning, market and industry networking and related business purpose objectives. Events may include both those that are internally organized as well as those organized by other banks, trade associations, vendors and similar organizations. Occasionally, BlackRidge organized events are held in non-BlackRidge facilities such as

restaurants and hotels in order to accommodate the size of the group, facilitate better delivery of the event, or provide participants with a venue that is most conducive for the events purpose. The board of directors, management and employees may also participate in events hosted by other business partners that have a clear business purpose. Conferences typically offer educational, skill development and industry networking opportunities that enhance participant performance. These conferences should be related to the financial services industry and have a direct correlation to attendee's job. Employee recognition meetings, dinners and events are held occasionally to recognize the contribution of an individual, team or all employees. The cost of such events, conferences and other similar activities exceeding \$2,500 must be approved in advance by a Senior Executive.

BlackRidge does not pay the expenses of a spouse, a guest or family member accompanying a director or employee who is attending company related functions unless the attendance is required or expected (this would normally include only conventions and other major social events). Reimbursement of these expenses must be requested and approved prior to the convention or event by a Senior Executive.

3. Office and Facility Renovations are permitted only if relative to the approved project and are typically reflected in the current profit plan of BlackRidge. 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 office and facility renovations be done that would have the appearance of being extraordinary or excessive from a shareholder perspective. The planning and cost of significant renovations (those exceeding \$10,000) is overseen by a Senior Executive and the Chief Financial Officer.
4. Aviation and other Transportation Services for BlackRidge staff to outlying locations, including conferences, business development purposes and other purposes should be conducted in the most appropriate manner. Permitted modes of transportation include automobiles, commercial air, bus or rail service. The selection of transportation services should include assessment of cost, efficiency and timeliness of travel. Private air services are not allowed without prior approval by a Senior Executive.

Reporting of Violations

Any individual who violates this Policy, or knows of any violation by any other individual, must report the violation immediately to such individual's supervisor who shall then report the violation to the Chief Executive Officer or Chief Financial Officer. Violation of this Policy could result in the individual not being reimbursed for the expenses incurred as well as disciplinary action up to and including termination.

Administration Role of Senior Executives

Senior Executives are members of management such as Chief Executive Officer, Chief Financial Officer, Chief Investment Officer and the Chief Operating Officer. Senior Executives are responsible for the effective implementation of this Policy and have the following roles:

1. Review the monitoring of expenditures addressed in this Policy to ensure compliance with this Policy.
2. Research, document and justify any exceptions to this Policy and report exceptions to the Corporate Board of Directors.
3. Promptly recommend potential modifications of this Policy to the Corporate Board of Directors to ensure it remains compliant.
4. Ensure that this Policy is posted on the BlackRidge internet web site.

5. The Chief Executive Officer and Chief Financial Officer have certified that the Board has established an excessive or luxury expenditures policy, as defined in the regulations established under section 111 of EESA, will provide this policy to Treasury and its primary regulatory agency, and BlackRidge and its employees have complied with this policy and that any expenses requiring approval of a Senior Executive Officer were properly approved.

Administration Role of the Board of Directors

The Board of Directors is required by the TARP Standards for Compensation and Corporate Governance as defined by the Department of the Treasury (31 CFR Part 30) to adopt a policy regarding excessive and luxury expenditures. The Board has oversight responsibility for BlackRidge's compliance with requirements of TARP Standards for Compensation and Corporate Governance as defined by the Department of the Treasury (31 CFR Part 30). In support of its oversight responsibilities, the Board shall have the following roles:

1. 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 Department of the Treasury (31 CFR Part 3D), in such time frame required by the amendment.
2. Ensure that the Chief Executive Officer and Chief Financial Officer have complied with the certification requests as it relates to this Policy.
3. The Corporate Board of Directors shall review any exceptions to this Policy at the next regularly scheduled meeting following the granting of the exception.