

EXCESSIVE OR LUXURY EXPENDITURES POLICY

The American Recovery and Reinvestment Act of 2009 (ARRA), enacted February 17, 2009, requires each recipient of funds under the Capital Purchase Program (CPP) of the Troubled Assets Relief Program (TARP) to have in place written standards regarding excessive or luxury expenditures. This policy is intended to fulfill that requirement.

Western Reserve Bancorp, Inc. (the Company) and its subsidiary Western Reserve Bank (the Bank) prohibit excessive or luxury expenditures. This policy is not meant to prohibit reasonable expenditures for staff development, reasonable performance incentives or other similar reasonable activities conducted in the normal course of the Company's or the Bank's business operations.

Specific guidance is provided for the following areas:

- Entertainment and events;
- Office and facility renovations;
- Aviation or other transportation services; and
- Other activities that are not reasonable expenditures for staff development, reasonable performance incentives or other similar activities conducted in the normal course of business.

Entertainment and Events

Entertainment is defined as using Company or Bank funds for business development or marketing purposes relating to a current or prospective customer. Occasional entertainment such as taking customers or prospective customers to dinner, to play golf or to a local sporting event is a normal part of the Company's and Bank's marketing efforts and is not deemed to be a violation of this policy. These expenses are subject to the normal approval and payment process, and must be documented and detailed as to the date and nature of the event, the person(s) entertained and the business purpose of the event.

The Company or Bank may be a sponsor of charitable activities and events in its market areas.

Examples of excessive entertainment or events would include a national or regional sponsorship of a major sporting event or taking customers or prospective customers on out-of-state overnight trips.

Office and Facility Renovations

Renovations of offices and facilities should be designed to enhance operational efficiency, comply with applicable fire codes and ADA requirements, maintain a safe, sanitary and clean working environment, enhance the public image of the organization, improve employee morale or productivity, or for such other worthwhile purpose as may be identified by the

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Company or Bank. At no time should renovations be undertaken that would have the appearance of being excessive or extraordinary from a shareholder perspective.

Aviation and Other Transportation Services

All travel paid for by the Company or Bank should be conducted in the most cost-appropriate way. Generally, this would preclude first-class airfare or private aviation services. Under no circumstances would the Company or Bank purchase any interest in an aircraft or watercraft.

Other Activities

Other activities that are not reasonable expenditures for staff development, reasonable performance incentives or other similar activities conducted in the normal course of business are prohibited.

Approval of Expenditures

All expenditures will be approved in accordance with the Company's and Bank's normal approval procedures, the Travel and Entertainment Policy and the Purchasing and Fixed Asset Policy. Board and CEO expenses will be reviewed by the Company's Audit Committee for appropriateness in accordance with the Audit Committee Charter.

Certification

The President and CEO and the Chief Financial Officer will certify that any expenditures related to the Board or Senior Executive Officers have been properly approved.

Violations

Any violations of this policy will be reported promptly to the Board of Directors.

Accountability

The Company's and the Bank's directors and employees are accountable for adhering to this policy and for utilizing corporate assets in a prudent manner and therefore are prohibited from engaging in excessive or luxury expenditures.

Approved: August 20, 2009