

## Marine Bank & Trust Bank Excessive and Luxury Expenditure Policy Policy 1

Approved by Human Resources Committee: September 10, 2009

Approved by Board of Directors: September 22, 2009

September 28, 2010

September 27, 2011

September 20, 2012

September 24, 2013

September 23, 2014

**Purpose:** The purpose of this policy is to prohibit expenditures that are of a luxurious, excessive, lavish, exorbitant, extravagant or similar nature (collectively referred to as “Excessive Expenditures”).

**Applicability:** This policy shall apply to Marine Bank & Trust Bank and all of its subsidiaries (collectively referred to herein as the “Bank”), and each and every one of the Bank’s respective employees, officers and directors.

**Policy Statement:** What is considered an Excessive Expenditure versus reasonable expenditure often depends upon the specific situation and circumstances, and therefore an attempt to impose strict dollar thresholds in all instances would be problematic and potentially result in unintended adverse consequences. Thus, two key underlying principles to this policy is that it relies on the good judgment and commonsense of each employee to (1) first, justify every expenditure as having a valid business reason and (2) second, spend no more than what a reasonable prudent person would spend in any given situation, taking into account the amount spent in relation to the benefit to the Bank, and other factors and considerations appropriate to the situation. This policy statement will be the over-arching guidance for all business expenses, including the following categories:

**Entertainment and Events:** Business development with prospective customers and relationship building with current customers and others is critical to the success of the Bank. Accordingly, the Bank and its employees are permitted to engage in social activities with prospective and current customers provided such participation and involvement is reasonable in relation to the value of the business or other relationship to the Bank. Attracting and maintaining a high quality and motivated workforce is also essential to the success of the Bank. Accordingly, the Bank provides activities, which recognize employee achievement and performance promote employee morale, and/or further other legitimate objectives of the Bank, subject, however, to being reasonable in cost and scope. While acknowledging the value of entertainment and various customer and employee events, the Bank will balance that value with the overall benefit to the Bank’s success and ensure money is spent prudently.

**Office and Facility Renovations:** Renovations and improvements of Bank facilities and office spaces are done to ensure a reasonably comfortable, safe and conducive environment for our customers and a reasonably effective, productive, and safe work environment for our employees,

while balancing the overall expense and benefit to the Bank. Situations which create a safety/health hazard for our customers, employees, and/or the public will be remedied as promptly as possible to prevent accidents or harm to individuals, with expense being a secondary consideration. In addition, if local, state, or federal regulations or directives, or any other third party with legitimate authority, should unexpectedly require facility renovations, improvements or movements, compliance will be paramount with cost being a secondary consideration.

**Conferences:** The Bank encourages continuous learning and development of its employees to maintain a competitive advantage in the market. Attendance by Bank personnel at conferences should be primarily for educational purposes and selective other business purposes. Conference provided accommodations and discounts should be utilized and availed of to the fullest extent possible, and if alternative accommodations and arrangements are available at a lower expense, without a loss of value from not being at the conference site and/or does not create an undue burden, they should be considered.

**Travel/Transportation Services:** The Bank encourages coach travel whenever possible and does not allow spouse travel to be paid for by the Bank. The Bank may from time-to-time pay for first class travel when required for legitimate reasons such as seat availability, to accommodate a disability or special need, or to enable certain employees to remain productive during travel. Accommodations, meals, ground transportation and other expenses should be reasonable given such considerations as location, cost, availability, business conducted, and other appropriate factors.

If the Bank were to lease an aircraft or from time-to-time use a private air transportation service in order to provide certain employees with the ability to travel quickly, securely, with short notice, and to areas that have limited access to commercial flights. Use of these aircraft is strictly reserved for bona fide business purposes. Under no circumstances are employees permitted to use the aircraft for personal or recreational purposes.

**Other Expenditures:** Any other Excessive Expenditure not explicitly referenced in this policy is prohibited. Every employee, officer and director of our Bank has a responsibility to ensure money is spent prudently, as though it was his or her own, and in the best interest of our shareholders.

**Approvals:** Routine expenses incurred during the ordinary course of business do not require explicit pre-approval. Expenditures that are extraordinary or unusual must be pre-approved. In determining if pre-approval is required, the Bank expects employees to act conservatively and use good judgment and commonsense in such decisions.

Whenever in this policy a pre-approval is required, employee requests should be submitted for approval to a Senior Bank Executive Officer. In the case of a Senior Executive Officer, requests should be submitted for approval to the Bank's President/CEO. Requests by the Bank's CEO and Chairman should be submitted to the Bank's Human Resources Committee (Compensation Committee). Failure to obtain pre-approval for an expense when required under this policy may result in the expense being the responsibility and liability of the subject individual and not the

Bank; and, if the Bank has already paid the expense, the individual may be required to immediately reimburse the Bank for the amount of the expense.

**Compliance:** Failure to comply with this Policy may result in disciplinary action up to and including termination.

**Guidance:** It is understandable that given the nature of this policy, questions may arise. If you do have any questions regarding this policy or the appropriateness of any expenditure, please consult with a member of executive management.

**Reporting Violations:** Each and every employee shall be required to report any violations of this policy either directly to his or her supervisor or to a member of executive management. There shall be no retaliation against any employee for reporting a suspected violation of this policy if brought in good faith and without improper purpose or intent.

**Review:** The Bank's Board of Directors on an annual basis shall review this policy.

**Amendments:** The Bank's Board of Directors must approve any amendments to this policy.

**CEO and CFO Certification:** The Bank's CEO and CFO shall certify that any expenditure requiring pre-approval under this policy during the period the Bank was required to do so pursuant to TARP, was properly attained.

**References:** This policy is intended to comply with the Emergency Economic Stabilization Act of 2008 (Section 111 (d)) and the American Recovery and Reinvestment Act of 2009, and their respective implementing regulations, which require the adoption by the Board of Directors of an "excessive or luxury expenditures policy".

**Disclosure:** This policy (and any material amendments thereto) shall be posted on the Bank's Internet website. A copy of this policy (and any material amendments thereto) shall be provided to the United States Department of the Treasury and to the Bank's primary regulatory agency.