

**FPB FINANCIAL CORP. AND  
FLORIDA PARISHES BANK**

**EXCESSIVE OR LUXURY EXPENDITURE POLICY**

Adopted on September 10, 2009

This Policy fulfills the requirements under the American Recovery and Reinvestment Act of 2009 (the “Recovery Act”) enacted February 17, 2009, as well as the regulations adopted by the United States Department of the Treasury (the “Treasury”) in 31 C.F.R. Part 30. The Recovery Act requires each recipient of funds under the Treasury’s Capital Purchase Program (“CPP”) to have in place a company-wide policy regarding excessive or luxury expenditures, as identified by the Secretary of the Treasury.

FPB Financial Corp. (“FPB”) and its subsidiary, Florida Parishes Bank (the “Bank”) have adopted this Policy, which prohibits excessive or luxury expenses 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 measures conducted in the normal course of business operations of FPB and the Bank. FPB and the Bank are collectively referred to herein as the “Company”. This policy applies to all directors, officers and employees of the Company.

**Entertainment**

Entertainment is defined as an activity for which a director, officer or employee would use corporate funds for business development purposes relating to current or prospective customers or to enhance the Company’s marketing efforts. Our policy is that all expenses incurred for these activities should be for corporate purposes with the objective of attracting business to the Company. Examples of entertainment include taking customers or prospects to restaurants, 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 the Company’s marketing efforts and are not deemed as “luxury” or a violation of this Policy. These expenses should continue to be

documented and detailed as to the benefit derived by the Bank through the normal accounts payable process. Entertainment and event expenditures by a director, officer or employee (with the title of branch manager or above) anticipated to be in excess of \$100 should be reviewed with and approved by a member of senior management prior to expenditure, and expenditures expected to be in excess of \$1,000 should be approved in advance by the Chief Executive Officer or the Chief Financial Officer. Employees who do not have a title of branch manager or above are prohibited from incurring entertainment or event expenses without the prior approval of the Chief Executive Officer or the Chief Financial Officer.

### **Renovations**

Renovations of facilities and office spaces are permitted in the normal course of business up to \$1,000 with the approval of an executive officer. Expenditures over \$1,000 and up to \$25,000 must be approved by the Chief Executive Officer. Renovations of facilities and office space over \$25,000 must be approved by the Bank's Board of Directors. An exception to this is 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.

### **Aviation and other transportation services**

Aviation and other transportation services for the Company's staff to outlying locations, including for conferences, business development purposes and other purposes, should be conducted in the most appropriate manner. Permitted modes of transportation include automobiles and commercial air, bus or rail service. The selection of transportation services should include assessment of cost, efficiency and timeliness of travel. Private air services would only be allowed in emergency situations, and then only with the approval of the Chairman of the Board of Directors. The President/ Chief Executive Officer is permitted to use a company

car for personal use. The Board of Directors believes that his use of a company car is appropriate and not a violation of this Policy. The Bank requires the President/ CEO to take the car home at night to prevent it from being vandalized.

### **Conferences**

Conferences that are appropriate educational opportunities are permitted for our staff to attend. These conferences must be related to the financial services industry and have a direct correlation to their job. At times it may be appropriate that a spouse would travel to these conferences with Company attendees. Typically these conferences are sponsored by vendors, banking associations, or other industry related entities. All expenditures should be reasonable in amount and directly related to attendance at the conference.

### **Employee Recognition/Holiday Parties**

Employee Recognition/Holiday Parties are part of an employee appreciation process. These events should be local in geographic nature, and a company-wide holiday party should not cost the Bank more than an average day's payroll, without the prior approval of the Board of Directors. (Example: If the annual payroll is \$3,000,000, then the maximum appropriate expense for a company-wide holiday party would be \$3,000,000 divided by 260 days, or \$11,538.) Any expenditure in excess of \$100 for employee recognition or retirement parties should be approved in advance by either the Chief Executive Officer or Chief Financial Officer.

### **Board/Management Retreats**

Board/Management Retreats shall only be used for educational or business planning purposes. Board education is a vital part of maintaining and keeping a dynamic director base, and this Policy does not limit a retreat that is focused on strategic planning or education. All expenditures should be reasonable in amount and directly related to attendance at the retreat.

### **Administration and Certifications**

The Chief Executive Officer is responsible for the day-to-day administration and overall adherence to this Policy and must approve any exceptions. Strict adherence to this Policy is mandated for all directors, officers and employees of the Company.

Within 90 days following the completion of each fiscal year of the Company, the Chief Executive Officer and the Chief Financial Officer shall certify that the directors, officers and employees of the Company have complied with this Policy during the fiscal year (or since the date of enactment of this policy with respect to the year ending December 31, 2009) and that any expenses requiring prior approval were properly approved. This certification shall be provided to the Treasury and the Office of Thrift Supervision.

### **Reporting of Violations**

Anyone who becomes aware of a suspected or actual violation of this Policy, whether intentional or inadvertent, shall promptly report such violation to the Board of Directors. Employees are expected to self-report any violations concerning the employee. The Board of Directors will discuss the suspected or actual violation at its next regularly scheduled meeting and take appropriate corrective actions.

This Policy, and any future amendments hereto, shall be posted on the Company's Internet website and provided to the U.S. Department of the Treasury and the Office of Thrift Supervision.

### **Policy Review**

This policy is to be reviewed annually until repayment of Treasury's Capital Purchase Program.