

First BancTrust Corporation Excessive or Luxury Expenditure Policy

A. Purpose

The Board of Directors of First BancTrust Corporation, (the “Company”) adopted this Excessive or Luxury Expenditure Policy (“Policy”) to be in compliance with the requirements under the American Recovery and Reinvestment Act of 2009 (“ARRA”) enacted February 17, 2009. The ARRA, which amends certain sections of the Emergency Economic Stabilization Act of 2008, requires each recipient of funds under the Capital Purchase Program of the Troubled Assets Relief Program 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.

It is the Company’s policy and that of its subsidiary, including First Bank & Trust, s.b. (the “Bank”), to prohibit excessive or luxury expenditures on:

1. entertainment and events,
2. office and facility renovations,
3. aviation or other transportation services, and
4. 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 our business operations.

This Policy applies to all employees of the Company and the Bank. Additionally, this Policy specifies prohibited expenditures, approval procedures for expenditures which require prior approval, certification requirements of the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), the reporting of actual or suspected violations, and compliance monitoring.

B. Scope

The types and categories of expenditures covered by this Policy are as follows:

Entertainment: Entertainment is defined as an activity that an employee or executive officer would use corporate funds for business-development purposes relating to a current customer or prospective customer or to further enhance the Bank’s marketing efforts. Our policy is that all expenses incurred by the Bank should be for Bank purposes and used to develop business of the Bank. Occasional events such as taking customers or prospects on trips, playing golf, eating dinner, or taking them to other events the customer/prospect would find pleasurable is a necessary part of the Bank’s marketing efforts and not deemed as “luxury” or a violation of this Policy. These expenses should be documented and detailed as to the benefit derived by the Bank through the normal accounts payable process.

Conferences: We encourage our employees and officers to attend conferences that are appropriate educational opportunities. 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 Bank attendees. Typically these conferences are sponsored by vendors, banking associations, or other industry-related entities.

Employee Recognition/Holiday Parties: Employee recognition/holiday parties are part of the Bank’s employee appreciation process. These events should be local in geographic nature and reasonable in cost.

Board/Management Retreats: Retreats shall only be used for educational or business-planning purposes, and should be kept in consideration and looked at, in the same view and discretion as all other expenses. Board education is a vital part of maintaining and keeping a dynamic director base, and this Policy should not limit a retreat that is focused on strategic planning or education.

Office and Facility Renovations: Renovations of facilities and office spaces should be relative to the approved project and current business plan of the Company. An exception will be permitted to address an emergency situation, such as an act of nature, and the expenditure is necessary to make the facility operational for customer use.

Aviation or Other Transportation Services: Transportation for Company or Bank staff to outlying locations, including bank locations, conferences, business development purposes, and merger and acquisition research, should be conducted in the most cost-appropriate way for the Company. Modes of transportation to be used may consist of vehicle, commercial air, or rail service. The selection of transportation services will factor in cost, efficiency, and timeliness of travel. Expenditures for the use of an automobile by the Bank's officers must be reasonable.

C. Prohibited Expenditures

The following expenditures are deemed excessive and are prohibited:

Office and Facility Renovations: Expenditures for office furnishings, remodeling, or redecoration for any senior executive officer as defined in the EESA ("SEO"), the aggregate cost of which exceeds \$25,000. This prohibition does not extend to a corporate relocation or remodeling impacting a majority of the corporate offices or a newly-constructed branch, branch renovation, or branch relocation.

Aviation Services: Expenditures for the use of a private airplane are prohibited.

D. Expenditures Requiring Prior Approval

General: The following expenditures require the pre-approval of the CEO or the CFO if the amount exceeds \$10,000 and are not otherwise prohibited by [Section C](#) of this Policy:

1. entertainment, conferences, board/management retreats, or other events;
2. office and facility renovations;
3. aviation or other transportation services; and
4. other similar items, activities, or events for which the Company may reasonably anticipate incurring expenses or reimbursing an employee for incurring expenses.

Employee Recognition/Holiday Parties: Any expenditure, regardless of amount, for employee recognition or holiday parties must be approved in advance by the CEO or CFO.

Exceptions: Notwithstanding the foregoing, prior written approval is not required for the following expenditures:

1. to remediate emergency or hazardous conditions;
2. to comply with building codes and ordinances;
3. to satisfy legal, contractual, or regulatory requirements; and
4. under the Board-approved annual operating budget.

E. Administration and Certifications

The CFO is responsible for the day-to-day administration of this Policy, and the CEO is accountable for overall adherence to this Policy and must approve any exceptions. Strict adherence to this Policy is mandated for all Company and Bank employees.

Within 90 days of the completion of each fiscal year of the Company, the CEO and CFO of the Company shall certify that the Company and its employees have complied with this Policy during the fiscal year or since the date of enactment of this Policy and that any expenses requiring approval were properly approved. This certification shall be provided to the Department of the Treasury and the Office of Thrift Supervision.

F. Reporting of Violations

Anyone who becomes aware of a suspected or actual violation of this Policy, whether intentional or inadvertent, shall report such violation in writing to the Chairperson of the Company's Audit Committee. Employees are expected to self-report any violations concerning the employee. The Chairperson will discuss the suspected or actual violation at the next regularly-scheduled meeting of the Audit Committee, who will investigate the suspected or actual violation of this Policy in accordance with its procedures established for investigating complaints regarding improprieties in the Company's accounting, internal accounting controls, or auditing matters, and report to the Board at its next regularly scheduled meeting with respect to any reported violations and any recommended corrective actions.