

# FIRST INDEPENDENCE CORPORATION CORPORATE EXPENDITURES POLICY

Section: Bank Administration  
Subject: Corporate Expenditures

Responsible Individual: Chief Executive Officer  
Date Issued: Feb 18, 2010  
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This document sets forth the general policy of the Board of Directors of First Independence Corporation and the Board of Directors of First Independence Bank regarding expenditures of funds by the Corporation. As used in this policy statement, the term "Corporation" refers collectively to the corporation, the bank, and its direct and indirect subsidiaries. (Referred to herein as Corporation).

This Policy applies to all expenditures of funds of the Corporation that are authorized or approved by any officer, employee or director of the Corporation, including expenditures made by the Corporation for the purpose of reimbursing expenses incurred by an officer, employee or director.

## General

It is the policy of the Boards of Directors that expenditures of the Corporation's funds:

- be made only for valid corporate purposes and be reasonably related to the conduct or promotion of the Corporation's business; and
- be limited to amounts that, under the circumstances, are considered reasonably necessary to achieve the purposes for which the funds are to be spent after giving due consideration to the nature and business purpose of the expenditures, the potential benefits of the expenditures to the Corporation and the potential adverse impact on the Corporation's business if the expenditures are not made, the amount of the expenditures in relation to the size of the Corporation's business, and other relevant considerations. Expenditures for other than valid corporate purposes, or that are not reasonably related to the conduct or promotion of the Corporation's business, are prohibited.

It is also the policy of the Boards of Directors that the Corporation not make expenditures that, although for purposes related to the conduct or promotion of the Corporation's business, are in amounts such as would cause them to be considered to be excessive or "luxury" expenditures. The reasonableness of different types of expenditures, and whether they are unnecessary, "luxury" or excessive, will vary based on their purpose and the circumstances surrounding them. As a result, this policy statement does not set specific limits on the amounts or nature of otherwise permissible expenditures and, except as provided below in the case of certain types of expenditures, the Corporation's senior management may approve expenditures within their areas of authority pursuant to the Corporation's normal operating policies and procedures. However, the Boards of Directors direct those individuals to consider the purpose and amount of each expenditure of the Corporation's funds and to consider whether it is permitted under this Policy Statement and, even if it is, whether the amount of the expenditure is reasonable and appropriate under the circumstances and provides a commensurate benefit to the Corporation and its shareholders. If questions arise, those individuals should seek guidance from the Corporation's Chief Executive Officer, President & Chief Operating Officer or Chief Financial Officer as provided below.

## Administration and Interpretation of Policy

The Corporation's Chief Executive Officer, President & Chief Operating Officer or Chief Financial Officer are directed by the Board to monitor expenditures by the Corporation with a view toward avoiding unnecessary or excessive expenditures for any purpose and insuring compliance with this Policy Statement. In the event questions arise regarding the proper interpretation or application of this Policy Statement to specific expenditures or under specific circumstances, any of them may interpret and apply this Policy Statement. Those individuals should make periodic reports to the full Boards at regular meetings regarding

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any expenditures by the Corporation other than in the ordinary course of business, that involves an unusual or extraordinary purpose or amount, or that otherwise involve unusual circumstances.

Among other things, this Policy is intended to comply with laws, regulations, rulings, interpretations and guidelines applicable to the Corporation as a participant in the TARP Capital Purchase Program (the "CPP Rules"). Accordingly, this Policy shall be interpreted in a manner consistent with the CPP Rules as they may be modified, amended or supplemented from time to time.

### Guidelines Regarding Specific Types of Expenditures

The Boards of Directors believes that certain types of expenditures by the Corporation necessitate closer scrutiny and control than others. In that regard, the Board has established the following guidelines for the specific types of expenditures by the Corporation described below.

#### *Office and Facility Construction and Renovations.*

The Boards of Directors believes that the Corporation's facilities and employee offices should be comfortable, functional, maintained in a safe condition, and designed and maintained in a manner such as will promote the efficient conduct of the Corporation's business. In addition, the Boards believe that the appearance of the Corporation's facilities affects the Corporation's image in the eyes of customers and the public and is a factor in the success of its business, and that facilities and offices used for meetings and/or visited by customers, suppliers and other members of the public should be attractive and maintained in a condition such as will reflect positively on the Corporation. Lastly, the Boards believe that the personal offices of members of the Corporation's senior management should be up-fitted in a manner reasonably commensurate with their positions and responsibilities and such as will facilitate the discharge of their duties. However, it is the Board's policy that the Corporation not spend excessive amounts to provide facilities or offices that incorporate unnecessarily luxurious or extravagant designs, materials, furnishings, decorations or other features. Expenditures in the construction and up-fitting or renovation of the Corporation's facilities or offices, including senior management offices, should be limited to amounts reasonably consistent with the above guidelines. Expenditures incurred in connection with the construction, up-fitting or renovation of the Corporation's facilities or offices in excess of an aggregate of \$100,000 must be approved in advance by the Boards of Directors or the Executive Committees of the Boards. Each such approval shall be documented in a written form which shall describe the nature of the construction or renovation and the aggregate estimated amount of the expenditure and be signed by the Chairman of the Boards or Committee and transmitted to the Corporation's Chief Financial Officer to be kept in a permanent file.

#### *Customer Entertainment or Events.*

The Board of Directors recognizes that, in the ordinary course of its business, it is in the best interests of the Corporation for officers or employees to entertain individual customers or prospective customers (such as business lunches or invitations to various entertainment events) or for the Corporation to sponsor events to which groups of customers, prospective customers, or members of the public are invited. These activities foster good relations between the Corporation and its existing customers help to attract new customers, and otherwise promote the Corporation's business and its standing in its communities. However, it is the Boards' policy that these activities be limited to those that management reasonably believes will promote the Corporation's business and achieve its business purposes, that they not be excessive or extravagant under the circumstances, and that the Corporation's expenditures in connection with any such activities be limited to amounts reasonably necessary to achieve the purposes of the activities. Reimbursements for expenditures incurred by an individual officer or employee in connection with meals or entertainment provided to individual customers or prospective customers shall be subject to the Corporation's standard expense reimbursement policies and procedures as in effect from time to time. Expenditures not exceeding an aggregate of \$5,000 in connection with group events sponsored by an individual office or department of the Corporation, or by offices within a region, shall be approved in advance by Senior Management Committee. Expenditures for such events in excess of an aggregate of \$5,000 shall be approved in advance by the Chairman. Expenditures for Corporation-wide events shall be approved in advance by the Chairman. Each such advance approval shall be documented in a written form which shall describe the nature of the group event and the aggregate estimated amount of the expenditure and be signed by the person approving the event and transmitted to the Corporation's Chief Financial Officer to be kept in a permanent file.

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### *Employee Entertainment or Events.*

The Board of Directors recognizes that, in the ordinary course of its business, it may be in the best interests of the Corporation to provide holiday events or entertainment, or other non-business functions, for the Corporation's employees. These functions foster good relations between the Corporation and its employees and promote employee morale. Similarly, the Corporation may from time to time conduct other employee events, or provide travel or entertainment to individual employees, for purposes of or in connection with staff development functions or as performance incentives. It is the Boards' policy that these functions be limited to those that management reasonably believes will promote the Corporation's business and achieve its business purposes, that they not be excessive or extravagant under the circumstances, and that the Corporation's expenditures in connection with any such events be limited to amounts reasonably necessary to achieve the purposes of the events. Expenditures not exceeding an aggregate of \$2,500 in connection with employee events shall be approved in advance by the Senior Management Committee. Expenditures for such events in excess of an aggregate of \$2,500 shall be approved in advance by the Chairman. Expenditures for Corporation-wide events shall be approved in advance by the Chairman. Each such advance approval shall be documented in a written form which shall describe the nature of the employee event and the aggregate estimated amount of expenditures and be signed by the person approving the event and transmitted to the Corporation's Chief Financial Officer to be kept in a permanent file.

### *Board and Management Retreats.*

The Boards of Directors believe that occasional retreats for directors or management teams allow those groups to focus on the Corporation's planning processes and business issues in an atmosphere that minimizes interruptions and maximizes productivity to a greater extent than would be the case with normal workday meetings. Meals, lodging and entertainment provided by the Corporation in connection with multi-day retreats provide the additional benefit of promoting personal interaction among individual participants and cohesiveness and team building within the participating group. However, it is the Boards' policy that the primary focus in the planning and selection of locations for retreats be achievement of business goals rather than the entertainment of participants, and that accommodations and entertainment not be excessive or extravagant under the circumstances, and that the Corporation's expenditures in connection with any such events be limited to amounts reasonably necessary to achieve the purposes of the events.

The scheduling of, and arrangements and expenditures for, all retreats shall be approved in advance by the Chairman. Each such advance approval shall be documented in a written form which shall describe the nature of the retreat and the aggregate estimated amount of expenditures, and be signed by the Chairman and transmitted to the Corporation's Comptroller to be kept in a permanent file.

### *Corporation-Owned Vehicles.*

As a result of travel requirements associated with their positions, and as a benefit which may be a part of their compensation, the Boards of Directors may approve the provision of automobiles for the use of certain of its senior officers. Those vehicles are owned and maintained by the Corporation, and those officers are permitted to use their vehicles for personal travel. Each officer's vehicle should be comfortable and safe, serviced regularly and maintained in good condition. However, while the type and cost of officers' vehicles may vary based on their relative positions and responsibilities, it is the Board's policy that the Corporation minimize the cost of providing vehicles to officers by not purchasing excessively expensive or luxury vehicles for any officers and that, barring unforeseen circumstances (such as damage or excessive repair or maintenance costs) necessitating earlier replacement, vehicles be replaced no more frequently than each two to three years.

Purchases of vehicles for the use of the Corporation's must be approved in advance by the Boards of Directors or the Executive Committee of the Boards. Purchases of vehicles for the use of all other Corporation employees may be approved in advance by either the Chairman. Each such advance approval shall be documented in a written form which shall describe the vehicle to be purchased and the amount of the expenditure and be signed by the Chairman, as appropriate, and transmitted to the Corporation's Chief Financial officer to be kept in a permanent file.

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### *Employee Travel.*

The Board of Directors believes that when officers, employees or directors are required to travel in connection on the Corporation's business, or when they travel to approved business-related conferences, professional meetings and continuing education seminars, the Corporation is obligated to reimburse them for travel expenses and provide them with meals and safe and comfortable accommodations located in reasonable proximity to their destinations. However, it is the Board's policy that management of the Corporation monitor employee travel expenses to insure that expenditures are reasonably incurred and not excessive.

Reimbursements for expenditures incurred by an individual officer or employee in connection with business-related travel shall be subject to the Corporation's standard expense reimbursement policies and procedures as in effect from time to time. With regards to air travel, first class and business class travel on commercial airlines is not permissible if there is an incremental cost to the Corporation and less expensive seats are available.