



& NEMO BANCSHARES, INC

## Policy

### EXCESSIVE OR LUXURY EXPENDITURE POLICY

Division: OPERATIONS	Effective date: <b>November 19, 2009</b>
Section: Employee Benefits/Compensation	Version: <b>1.0</b>
Prepared by: D. Crosby	Replaces: NEW

#### PURPOSE

The Board of Directors of NEMO Bancshares, Inc (“Company”) and the Board of Directors of Alliant Bank (“Bank”) have adopted this joint policy on Excessive or Luxury Expenditure (“Policy”) 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 (EESA), requires each recipient of funds under the Capital Purchase Program of the Troubled Asset Relief Program (“TARP”) to have in place a company-wide policy regarding excessive or luxury expenditures during the period that NEMO Bancshares, Inc participates in TARP, as identified by the Secretary of the Department of the US Treasury (“Treasury”)

#### POLICY

It is the policy of NEMO Bancshares and Alliant Bank to prohibit excessive or luxury expenditures with respect to the following:

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

This policy applies to all employees of Alliant Bank (and employees of NEMO Bancshares – if any are hired). Additionally this policy specifies prohibited expenditures, approval procedures for expenditures which require prior approval, certification requirements of the Chief Executive Officer and Chief Operations Officer, the reporting of actual or suspected violations, and compliance monitoring



## RESPONSIBILITIES

The president of NEMO Bancshares and executive management of Alliant Bank are responsible for the effective implementation of this Policy. To that end, they shall have the following roles:

1. Monitor expenditures addressed by this Policy to ensure compliance
2. Document and justify any exceptions to this policy and report exceptions to the respective board of directors.
3. Promptly recommend modifications to this Policy to the respective Board of Directors to ensure that NEMO Bancshares and Alliant Bank remain compliant with the TARP standards for Compensation and Corporate Governance as defined by the Treasury (31 CFR Part 30) as it may be amended
4. Ensure that the Policy is posted on the Alliant Bank website. NEMO Bancshares does not have a website, but if in the future it were to publish a website, to ensure that the Policy is posted thereon.

## SCOPE OF POLICY

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

1. **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 Company's or the Bank's marketing efforts. The Policy is that all expenses incurred by the Company or the Bank should be for corporate purposes and used to develop the business of the Company or Bank. Occasional events such as taking customers or prospective customer on trips, playing golf, eating meals, or taking them to other events the customer/prospect would find pleasurable is a necessary part of 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 Company or Bank through the normal accounts payable process.
2. **CONFERENCES/EVENTS:** Employees and Officers are encouraged 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 the employee/officer. Typically these conferences are sponsored by vendors, banking associations, or other industry related entities. Meetings and conferences may include both those that are internally organized as well as those organized by other banks, trade associations, vendors and similar organizations. (continued)



**SCOPE OF POLICY (continued)**

2. **CONFERENCES/EVENTS:** (continued from previous page) The cost of such meetings and conference must be approved in advance by either the Chief Executive Officer or the Chief Operations Officer for Bank employees or officers. Prior Approval of the President or Vice President of NEMO Bancshares is required for employees or officers of the Company to attend qualifying conferences/events.
3. **EMPLOYEE RECOGNITION/HOLIDAY PARTIES:** Employee recognition or holiday parties are part of the Bank's employee appreciation process. These events should be held within the Bank service area or other centralized location. The event will be reasonable in cost with the event budget receiving prior approval from the Chief Operations Officer or the Chief Executive Officer.
4. **BOARD/MANAGEMENT RETREATS:** Retreats shall only be used for educational purposes or business-planning purposes. Board education is a vital part of maintaining and quality governance. Board and Management Retreat expenses must be reasonable and have the budget approved in advance by the Bank's Chief Operations Officer or Chief Executive officer or (for Company event) the Company's President or Vice-President.
5. **OFFICE AND FACILITY RENOVATIONS:** Renovations of facilities and office spaces should be relative to the approved project and current business plan of the Company or Bank. An exception is 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. Expenditures for office furnishings, remodeling or redecoration for any senior executive officer as defined in the EESA the aggregate cost of which exceeds \$25,000 is generally prohibited. This prohibition does not extend to new construction of a corporate office or branch, branch relocation or branch renovation where renovation impacts a majority of the area where customer contact occurs.
6. **AVIATION OR OTHER TRANSPORTATION SERVICES:** Transportation for the Bank staff to outlying locations, including bank locations, conferences, business development purposes and other reasonable business purposes should be conducted in a cost appropriate manner. Modes of transportation to be used may include vehicle, commercial air or rail services. The selection of transportation services will depend on consideration of cost, efficiency, and timeliness of travel. Expenditures for the use of an automobile by Company or Bank officers must be reasonable. Private air services are not allowed without prior approval of the respective board of directors.



## EXPENDITURES REQUIRING PRIOR APPROVAL

1. **GENERAL:** The following expenditures require pre-approval of the Chief Executive Officer or Chief Operations Officer if the amount exceeds \$5,000 and are not otherwise prohibited or restricted by this Policy:
  - a. Entertainment, conferences, or other events;
  - b. Office and facility renovations;
  - c. Aviation or other transportation services; and,
  - d. Other similar items, activities or events for which the Company or Bank may reasonably anticipate incurring expenses or reimbursing an employee for incurring expenses.
  
2. **EXCEPTIONS:** Notwithstanding the foregoing, prior written approval is not required for the following:
  - a. To remediate emergency or hazardous conditions
  - b. To comply with building codes and ordinances;
  - c. To satisfy legal, contractual, or regulatory requirements; and,
  - d. Under Board of Directors approved annual operating budget.

## ADMINISTRATION AND CERTIFICATION

The Bank's Chief Operations Officer and the accounting staff are responsible for the day-to-day administration of this Policy. The Bank's Chief Executive Officer and the Company's President are 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 ninety (90) days of the completion of each fiscal year of the Company, the Company's President and Vice President and the Bank's Chief Executive Officer and Chief Operations Officer shall certify that the Company, the Bank and their 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 to Federal Deposit Insurance Corporation (FDIC).

## APPROVAL

Approved by the Alliant Bank Board of Directors on November 19, 2009

Approved by the NEMO Bancshares Board of Directors on November 19, 2009