

**EXCESSIVE OR LUXURY EXPENDITURES POLICY  
Of  
TIFTON BANKING COMPANY**

This policy fulfills the requirements outlined in Section 111 of the Emergency Economic Stabilization Act of 2008 (EESA), as amended by the American Recovery and Reinvestment Act of 2009 (ARRA) enacted on February 17, 2009. Under the interim final rule (31 CFR Part 30), ARRA requires each recipient of funds under the Capital Purchase Program (CPP) of the Troubled Assets Relief Program (TARP) 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. Tifton Bank Company (the "Bank"), prohibits excessive or luxury expenditures 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 the Bank. This policy applies to all employees, officers, and directors of the Bank.

**Renovations:**

Renovations of facilities and office spaces should be relative to the approved current budget and/or strategic plan, and tracked within the Bank's expense authorization policy. An exception to this is allowed in the event management must deal with an emergency situation, such as an act of nature, and the expenditure is necessary to make the facility operational for either employee or customer use. At no time should renovations be considered that would have the appearance of being extraordinary or excessive from the perspective of a reasonable shareholder.

**Entertainment:**

Entertainment is defined as an activity that an employee, officer, or director would pay for using corporate funds for business-development purposes relating to a current or prospective customer or for enhancing the Bank's marketing efforts. We expect that all entertainment expenses ultimately paid by the Bank would be for legitimate business purposes and be used to steer and/or increase business to the Bank. Taking a customer or a prospective business client on a trip, on a golf outing, or to a dinner or other meal (or similar activities) is a necessary part of the Bank's marketing efforts and is not deemed unreasonable "entertainment" or a

violation of this policy. These expenses should be documented, and the benefit to be derived by the Bank from such expenditures should be detailed.

### **Conferences:**

The Bank encourages their employees to attend conferences that provide appropriate educational opportunities. These conferences should be related to the financial-services industry and should be directly relevant to the employee's job. Typically, these conferences are sponsored by vendors, banking associations, or other industry-related entities. At times it may be acceptable that an employee's spouse accompany him or her to such a conference. In the event that a spouse travels to the conference, the spouse's travel expenses will not be paid by the Bank. This policy prohibits Bank-funded attendance at any conference that does not offer appropriate, legitimate educational opportunities.

### **Holiday Parties:**

The Bank believes that a company-wide annual holiday party and a company-wide annual picnic are important in terms of employee appreciation and employee morale. Accordingly, this policy does not prohibit reasonable expenditures in conjunction with such events. However, such employee events must be local, as neither overnight nor travel expenses will be paid by the Bank, and the expenses associated with such an event should not cost more than approximately an average day's gross payroll. Other events, such as a company picnic or the occasional department party, should be a fraction of that cost and should be deemed reasonable by any appropriate standard.

### **Board Retreats:**

Reasonable expenses incurred in connection with Board retreats are allowable under this policy so long as the Board retreat in question has an appropriate business-related purpose. We recognize that Board education is a vital part of attracting and maintaining a dynamic director base, and this policy does not prohibit a retreat that is focused on strategic planning or board education.

### **Transportation Services:**

Transportation for Bank staff to outlying locations, including but not limited to schools, conferences, business-development meetings, and locations for merger and acquisition research, should be conducted in the most cost-appropriate way for

the Bank. The Bank will maintain, when appropriate, an analysis of trips to determine which mode of transportation is the most appropriate for the Bank. Transportation services that may be used include motor vehicles, trains, and commercial and private air service. In analyzing appropriate transportation services, we will consider cost, efficiency, and timeliness. All expenses permitted under this policy shall be approved strictly in accordance with the Bank's expense authorization policy.

At least annually, all senior management of the Bank shall certify that they understand the terms of this policy and that the Bank has complied with its terms. A copy of such certification is attached as Appendix A.

**Violations:**

Violations of this policy will be reported to the compensation committee no more than 60 days from the date of detection.