

**Standard Bancshares, Inc.
Standard Bank & Trust Company**

**Excessive or Luxury Expenditure Policy
Effective as of August 25, 2009**

Executive Summary

This Excessive or Luxury Expenditure Policy is intended to comply with the requirements of Section 111(d) of the Emergency Economic Stabilization Act of 2008 (“EESA”), as amended by the American Recovery and Reinvestment Act of 2009 (“ARRA”). Under the provisions of Section 111(d) of EESA, recipients of funds under the Capital Purchase Program (“CPP”) of the Troubled Assets Relief Program (“TARP”) are required to establish a company-wide policy regarding excessive or luxury expenditures as identified by the Secretary of the U.S. Department of the Treasury.

This Policy has been adopted and approved by Board of Directors of Standard Bancshares, Inc. It is the intent of the Board of Directors that this Policy will remain in full force and effect for the duration of the period during which Standard Bancshares, Inc. holds funds received from the Treasury pursuant to TARP (the “TARP Period”).

General Policy Statement

Standard Bancshares, Inc. and its subsidiaries (collectively, the “Company”) intend to prohibit during the TARP Period excessive or luxury expenditures of all kinds. In particular, with respect to entertainment or events, office and facility renovations, aviation or other transportation services, and other similar items, activities or events for which the Company may reasonably anticipate incurring expenses (or reimbursing an employee for incurring expenses), such expenditures shall be deemed to be prohibited excessive or luxury expenditures to the extent such expenditures are not reasonable expenditures for staff development, reasonable performance incentives or other similar reasonable measures conducted in the normal course of the Company’s business operations.

The following guidelines will apply during the TARP Period with regard to specific Company expenditures:

Entertainment or Events: The Company recognizes the existence of legitimate business purposes, including, but not limited to, business development with respect to existing and/or prospective clients,

retention of existing clients, expansion of client and community relationships, and enhancement of marketing initiatives, for the participation by Company employees, directors, clients and prospective clients in entertainment activities and events. With respect to such entertainment activities and events, the Company will expect to incur reasonable expenses (or reimburse its employees for reasonable expenses incurred by such individuals).

The Company requires that all reasonable expenses related to participation by employees, directors, clients and prospective clients in entertainment activities and events be incurred (whether directly or through reimbursement to an employee) for bona fide business-related purposes only.

Examples of bona fide business-related entertainment activities and events would include:

- Taking a customer or prospective customer for a meal.
- Playing golf with a customer or prospective customer and paying for the greens fee.
- Hosting a customer or prospective customer at a local sporting event, such as a baseball, football or hockey game.

Examples of entertainment activities and events that would not, barring the showing of exceptional circumstances, be deemed to be bona fide business-related entertainment activities and events would include:

- Sending and/or accompanying a client or prospective client on an extended vacation to an expensive location.
- Giving gifts to clients or prospective clients that are excessively lavish or expensive and not in keeping with the spirit of this Policy.

Employees participating in bona fide business-related entertainment activities and events must document the nature of the activity or event, the business-related purpose, the participants and the cost incurred. Further, where the anticipated expense for participation in any single entertainment activity or event is reasonably expected to exceed \$1,000 per person, or \$5,000, in the aggregate, an employee (other than any senior vice president of the Company (or higher position)) must have his or her participation in any such entertainment activity or event pre-approved by such employee's manager and department head or a senior vice president of the Company (i.e., pursuant to the Company's existing expense reimbursement process maintained and enforced by the Company's Accounting

Department). Any senior vice president officer of the Company (or higher position) must comply with the Company's existing expense reimbursement process maintained and enforced by the Company's Accounting Department; *provided, however*, that any expense for any single entertainment activity or event that is reasonably expected to exceed \$5,000 in the aggregate must be pre-approved by the Company's Chairman or Chief Executive Officer. The Accounting Department will not reimburse any expense that is not documented in accordance with this Policy and the Company's existing expense reimbursement process maintained and enforced by the Company's Accounting Department.

Office and Facility Construction/Renovations: New construction and/or renovations of existing offices and facilities must generally be within the parameters of the Company's strategic plan. Therefore, any such expenditure should be pre-approved by the Chairman.

The Facilities Management, in consultation with senior executive management, is responsible for conducting appropriate Requests for Proposal for any construction and/or renovation projects, and for ensuring that such projects are within the spirit, intent and guidelines set forth by this Policy.

Aviation or Other Transportation Services: Transportation of Company employees to/from conferences, business development activities or events, customer service for out-of-state clients, and other business-related transportation must generally be conducted in a cost-efficient manner. Decisions as to the mode of transportation (e.g., automobile or commercial air service) must be appropriate to the nature of the business-related travel and should take into account factors such as distance, duration, timeliness of travel, weather considerations, etc.

Where the anticipated transportation expense for any employee with respect to a single business-related trip is reasonably expected to exceed \$1,000, an employee (other than any senior vice president of the Company (or higher position)) must have such expense pre-approved by such employee's manager, department head or a senior vice president of the Company (i.e., pursuant to the Company's existing expense reimbursement process maintained and enforced by the Company's Accounting Department). Any senior vice president of the Company (or higher position) must comply with the Company's existing expense reimbursement process maintained and enforced by the Company's Accounting Department; *provided, however*, that any transportation expense for any officer with respect to a single business-related trip that is reasonably expected to exceed \$5,000 must be pre-approved by the Company's Chairman or Chief Executive Officer. The Accounting Department will not reimburse any transportation expense that is not documented in accordance with this Policy and the Company's

existing expense reimbursement process maintained and enforced by the Company's Accounting Department.

Private air services will not be permitted without the written prior approval of the Chairman or the Chief Executive Officer. The purchase or lease of any aircraft will not be permitted without the written prior approval of the Board of Directors.

Conferences and Other Developmental Activities: The Company encourages our associates to attend conferences, seminars, workshops and other business-related educational/developmental activities. In general, these activities and events should be related to the financial services industry and/or have a direct correlation to an employee's specific position within the Company (e.g., a general human resources related course). With regard to conferences and other developmental activities, the following specific guidelines are in place:

- Whenever possible, employees should strongly consider local conferences in order to minimize travel expenses. Any in-state conference, the cost of which is reasonably expected to exceed \$1,000 per person, must be pre-approved by an employee's manager or department head. All out-of-state conferences must be pre-approved by an employee's manager or department head.
- In the case of approved out-of-state conferences, employees must be conservative in travel planning, i.e., opt for mid-level hotels rather than luxury accommodations, choose mid-level restaurants rather than high-end gourmet venues, and fly coach class rather than first-class, in each case unless pre-approved in writing by the employee's manager or department head.
- Occasionally, it may be appropriate for a spouse, guest or other family member to travel to a conference with a Company employee. In general, it is the expectation of the Company that the Company will not fund conference expenditures of an employee's spouse, guest and/or other family members. Any exceptions must be approved by the Company's Chairman or Chief Executive Officer.
- Examples of out-of-state conferences and other developmental activities that would be considered events with a business-related purpose include: the Director Educational Conference and the Sheshunoff Chief Executive Officer Affiliation Program.

Where the anticipated expense for attendance at a single conference is reasonably expected to exceed \$1,000 per person, an employee (other than any senior vice president of the Company (or higher

position)) must have such expense pre-approved by such employee's manager, department head or a senior officer of the Company (i.e., pursuant to the Company's existing expense reimbursement process maintained and enforced by the Company's Accounting Department). Any senior vice president of the Company (or higher position) must comply with the Company's existing expense reimbursement process maintained and enforced by the Company's Accounting Department; *provided, however*, that any expense for a single conference that is reasonably expected to exceed \$5,000 per person must be pre-approved by the Company's Chairman or Chief Executive Officer. The Accounting Department will not reimburse any conference expense that is not documented in accordance with this Policy and the Company's existing expense reimbursement process maintained and enforced by the Company's Accounting Department.

Activities and Events involving Employee Gatherings: The Company believes that certain employee-focused activities and events, including occasional holiday parties, employee picnics and similar events planned by management, and retail sales recognition and reward ceremonies, are important components of the organization's employee relations process that serve bona fide business-related purposes.

Any Company-wide employee-focused activity or event that is reasonably anticipated to exceed \$25,000 shall be pre-approved by the Company's Chairman or Chief Executive Officer.

Any department-wide employee-focused activity or event shall be pre-approved by the department head, provided that, in general, no more than one (1) such event is to be held during each calendar quarter. If the expense for any such event is reasonably anticipated to exceed \$10,000 or if the frequency of such events exceeds one (1) per calendar quarter, the expense must be pre-approved by the Company's Chairman or Chief Executive Officer.

Other Expenditures: The Company will continue to scrutinize all expenditures in keeping with the Company's commitment to returning shareholder value. In the event that other significant expenditures not covered specifically by this Policy arise, senior management shall make a determination regarding the action that is most appropriate under the circumstances, including, if necessary, consultation with the Board of Directors of the Company.

Enforcement of Policy

All Company employees are required to comply with this Policy. The Company's Chairman and Chief Executive Officer are primarily accountable for adherence to this Policy and for certifying that prior approval for any expenditure requiring such prior approval was properly obtained. Any employee who becomes aware of any violation of this Policy must, within a reasonable amount of time, report such violation to the Chairman, Chief Executive Officer and/or the Senior Vice President, Human Resources. The Chairman, Chief Executive Officer and/or the Senior Vice President, Human Resources shall be responsible for reviewing any reported violations and making a final determination as to whether the Policy was violated.

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This Policy may be amended from time to time to clarify, modify or add provisions as necessary. Within 90 days of adoption of a material amendment to this Policy, the Board of Directors must provide a copy of such amendment to the Treasury and the Company's primary regulator, and must post a copy of any such amendment on the Company's web site.