

FREEPORT BANCSHARES, INC  
MIDWEST COMMUNITY BANK AND ITS SUBSIDIARIES  
Excessive and Luxury Expenditure Policy

This 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 State of the US Department of the Treasury.

Freeport Bancshares, Inc., Midwest Community Bank and its subsidiaries (collectively, the “Company”) prohibits excessive or luxury expenditures on entertainment and events, office or facility renovations, aviation or other transportation services or other activities that are not reasonable expenditures conducted in the normal course of business operations.

**Renovations:**

Renovations of facilities and office spaces should be relative to the approved project and current profit plan, and tracked within the capital expenditure guidelines of the Company. An exception to this can be allowed if management must deal with an emergency situation, such as an act of nature, and the expenditure is necessary to make the facility operational for customer use. At no time should renovations be done that would have the appearance of being excessive from a shareholder perspective.

**Entertainment:**

Entertainment is defined as an activity that a Company employee, executive or director would use corporate funds for business development purposes relating to a current customer or prospective customer, or to further enhance the Company’s marketing, community or visibility efforts.

Our expectation is that all expenses relative to these activities would be incurred for Company purposes and used to enhance shareholder value. Occasional events such as taking customers or prospects on trips, outings, for food, or other pleasurable events is a necessary part of the Company’s customer service, attraction and overall growth strategy consistent with the Company’s strategic plan. These expenses will be documented and will conform to the approval policy for expenditures of this type within the Company. All expenditures will be approved by the Company’s Operations and Accounting Department.

**Conferences:**

We encourage the continued development of our employees through training and development opportunities. These conferences are related to the financial services industry and the employee’s specific responsibilities within the Company. All

expenditures of this type must be approved in advance by senior management, VP of Operations or one of the Co-CEOs. At times it may be appropriate for an employee's spouse to travel to the conference as well. Reimbursement of a spouses' travel expense must be approved by one of the Co-CEOs of the Company.

**Employee Recognition/Holiday Parties:**

We feel that employee recognition/holiday parties are part of an employee appreciation process and integral to the culture of the Company. These events will be local in geographic nature, and would include costs for such things as service awards or door prizes. These events should not be considered lavish or excessive from a shareholder perspective. All events of this type will be approved in advance by one of the Co-CEO's.

**Board/Management Retreats:**

Board of Directors or Company management retreats may be necessary from an educational, strategic planning or other business purpose. Board and management education and planning is an important process in being a highly effective company. Costs for these events will be maintained in a reasonable manner and will be approved in advance by either of the Co-CEOs.

**Aviation Services:**

Transportation for Company employees to outlying locations, including conferences, business development, merger and acquisition due diligence and general bank business should be conducted in the most cost-effective manner possible 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. Private air services are not allowed unless expressly approved by either of the Co-CEOs.

**Enforcement of Policy:**

All Company employees are required to comply with this Policy. The Co-Chief Executive Officers and the Vice President of Operations are primarily responsible for monitoring the 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 period of time, report such violation to one of the Co-Chief Executive Officers, Vice President of Operations or the AVP of Human Resources. The Co-Chief Executive Officers, Vice President of Operations and Assistant Vice President of Human Resources shall be responsible for reviewing any reported violations and making a final determination as to whether the Policy was violated. If it is determined that an employee has violated this policy, the employee may be subject to disciplinary action in accordance with the Company's Human Resources manual, including possible termination depending on the severity of the violation in the sole determination of the Co-Chief Executive Officers, Vice President of Operations and AVP of Human Resources.

Policy revised and approved by Freeport  
Bancshares Board of Directors on June 19, 2010