

**Citizens First Corporation**  
**Excessive and Luxury Expenditure Policy**

This policy fulfills the requirements under the American Recovery and Reinvestment Act of 2009 (ARRA) enacted February 17, 2009. 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.

Citizens First Corporation and its subsidiary, Citizens First Bank, Inc., 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 measure 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 Fixed Asset policy 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 extraordinary, or excessive from a shareholder perspective.

**Entertainment**

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

Our expectation is that all expenses ultimately paid by the Company would be for business purposes, and used to drive business to the Company. Occasional events such as taking customers or prospects on approved outings, eating dinner, playing golf, or taking them to other events the customer/prospect would find pleasurable is a necessary part of the Company's marketing efforts and is not deemed as "luxury" or a violation of this policy. These expenses should be documented, approved, and detailed as to the benefit derived by the Company through the normal accounts payable process.

**Conferences**

We encourage our staff to attend conferences that are appropriate educational opportunities. These conferences should be related to the financial services industry and have a direct correlation to their job. Typically these conferences are sponsored by vendors, banking associations, or other industry related entities. At times it may be appropriate that a spouse travels to these conferences with the Company employee or

director. In the event a spouse travels to the event, the spouse's travel expenses will not be paid by the Company.

### **Employee Recognition/Holiday Parties**

We feel that employee recognition/holiday parties are part of an employee appreciation process. These events should be local in geographic nature, and would include costs for such things as service awards and nominal door prizes. An event should not cost the sponsoring business unit more than an average day's payroll per employee.

### **Board/Management Retreats**

Retreats should only be used for educational or business planning purposes, and should be kept in consideration and looked at, in the same view and discretion as all other expenses. Board education is a vital part of maintaining, and keeping a dynamic director base, and this policy should not limit a retreat that is focused on strategic planning or education.

### **Aviation Services**

Transportation for Company staff to outlying locations, including bank locations, conferences, business development purposes and merger acquisition research, should be conducted in the most cost appropriate way for the Company. Modes of transportation to be used may consist of vehicle or commercial air service. The selection of transportation services will factor in cost, efficiency and timeliness of travel. Private air services are not allowed without the approval of the Chairman of Citizens First Corporation Board of Directors.

### **Administration**

The CFO is responsible for the day-to-day administration of this Policy, and the CEO is accountable for overall adherence to this Policy and must approve any exceptions. Strict adherence to this Policy is mandated for all Company employees. Violations of this Policy shall be promptly reported to the Board of Directors. Following any approval of private air services by the Chairman, the CFO and the CEO shall certify that such approval was obtained and such certification shall be maintained in the Company's corporate records.

A copy of this policy, and any material amendments to this policy, shall be posted on the Company's website, in accordance with applicable government regulations and guidance.

Adopted September 3, 2009  
Revised September 17, 2009