

Midtown Bank & Trust Company & Trust Company
Excessive or Luxury Expenditures Policy for TARP Compliance
August 20, 2009

Midtown Bank & Trust Company (the “Company”) has applied for and received financial assistance under the Troubled Asset Relief Program (“TARP”) of the U.S. Department of the Treasury (the “Treasury”). As a condition of receiving such financial assistance, the Company is required to comply with the Treasury’s regulations issued pursuant to TARP (the “TARP Regulations”). The TARP Regulations require that the Company adopt, within ninety (90) days after the closing date of the agreement between the Treasury and the Company (or September 14, 2009, if later), a Company-wide policy regarding excessive or luxury expenditures. Therefore, effective until the last date upon which any obligation arising out of such financial assistance remains outstanding (disregarding any warrants to purchase common stock of the Company that the Treasury may hold), the following rules shall apply to employees and directors of the Company and any other entity that is treated as part of the TARP Recipient (as defined in the TARP Regulations) and all references to the Company shall include any entity that is part of the TARP Recipient, unless the context requires otherwise:

This policy will be monitored and is the ultimate responsibility of the Company’s Compensation Committee of the Board of Directors (the “Committee”). Any expenditures outside of guidelines as defined within the policy require the advance approval of the Committee.

I. Expenses Which Are Prohibited or Which Require Prior Approval

A. Entertainment or Events

For purposes of this policy, the term “Business Associates” is defined as clients, prospective clients and other business associates.

Acceptable entertainment or event expenses include meals, drinks, facility or equipment rental, hiring of temporary entertainment staff, or tickets or admission costs associated with entertainment events. Any other type of entertainment or event expense which is not listed in the preceding sentence is subject to approval by the Committee.

Expenses incurred by an employee or director for the entertainment of individuals other than Business Associates (and expenses for sponsoring or attending events of any kind that do not involve Business Associates) are not eligible for reimbursement.

Expenses incurred by an employee or director for a single entertainment opportunity or other event in excess of \$5,000 for employees and \$2,500 for directors are not eligible for reimbursement absent extenuating circumstances for legitimate business purposes. Additionally, expenses in excess of the following limits per fiscal year are not eligible for reimbursement absent extenuating circumstances for legitimate business purposes:

- (1) \$25,000 for employees who are executive officers;
- (2) \$6,000 for employees who are not executive officers; and
- (3) \$6,000 for directors.

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Expenses in excess of the per event limit or the annual limit must be approved by the the Committee prior to being incurred, unless the employee or director can demonstrate extenuating circumstances as to why the expense was not or could not have been approved prior to being incurred.

B. Office and Facility Renovations

No expenses incurred for the renovation of any office or other facility of the Company shall be approved unless such renovation is:

- (1) part of a renovation of all or a part of a facility of the Company necessary to improve the appearance, functionality, or both of such facility in a manner designed to improve service of the Company or attract or retain the business or services of Business Associates, as approved by the Committee;
- (2) solely in the case of repairing damage to such office or facility, to restore such office or facility to a substantially similar working order as it was prior to such damage;
- (3) necessary to update the technology utilized by the facility; or
- (4) used to replace fully depreciated property.

In no event, however, will the office of any executive officer be constructed and furnished with materials that are substantially disproportionate in cost to the materials or furnishings provided or used generally as part of a facility renovation. The Committee reserves the discretion to decline to reimburse or pay for all or part of a renovation that is inconsistent with the foregoing guidelines or if the Committee determines that all or such part of such renovation is unduly extravagant or that the cost associated with renovating the office of an executive officer of the Company as part of such renovation is substantially disproportionate to the total cost of the renovation.

C. Aviation and Other Transportation Services

All expenses for aviation and other transportation services are not eligible for reimbursement absent a legitimate business purpose.

The Company shall not maintain, or have on retainer, a private aviation vehicle or service. Expenses for private chartered flights shall not be approved, unless no other means of transportation is reasonably available under the prevailing circumstances. Expenses for commercial aviation travel shall only be reimbursed for no more than the cost of a coach ticket. Air travel arrangements should be booked through the lowest cost source available, unless circumstances require otherwise.

Employees and directors may be reimbursed for mileage costs of operating their personal vehicles for business-related travel (not including an employee or director's travel

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from his or her home to a Company office). Executive officers driving a Company-owned automobile or receiving a car allowance shall not be entitled to mileage reimbursement, unless a written agreement between such officer and the Company that was entered into before February 11, 2009 explicitly provides otherwise.

D. Other Activities or Events

Expenses for other activities and events will be reimbursed in the Committee's discretion. To be eligible for reimbursement, any such expense must be a reasonable expenditure for sales conferences, staff development, reasonable performance incentives and other similar measures conducted in the Company's normal business operations. All such expenses should serve the purpose of furthering the business goals of the Company and the cost of any such expense should be reasonable in proportion to the benefit to the Company that is expected to be derived from such expense.

II. Approval Procedures

Employees and directors must submit requests for reimbursement on such forms and in such time and manner as the Committee or its designee may require. In addition to prior approvals expressly required by this Policy (see Section I.A.), the Committee may, in its discretion, require prior approval of any individual expense or any type of expense, or some or all of the expenses incurred by an individual employee or director, in any case, in accordance with such procedures as the Committee may establish. Requests for reimbursement not submitted in the form or by the deadline designated by the Committee may be declined in the Committee's discretion.

The Committee may from time to time designate an officer or officers of the Company to approve expenses not exceeding \$2,500 per individual expense. However, no employee or director may approve any expense for himself or herself, for any of his or her blood relatives, or for any employee to whom such individual reports. The Committee will review for approval any expenses not delegated to such officer or officers.

All expenses, both individually and in the aggregate, must be reasonable and have a legitimate business purpose. Expenses the Committee or its designee determines are unreasonable or without a legitimate business purpose may be denied. Any reimbursement sought for expenses which the Committee or its designee determines are excessive, extravagant, unnecessary will be denied. In any dispute over whether an expense is reasonable, excessive, extravagant, or unnecessary or whether an expense has a legitimate business purpose, the Committee's determination shall be final and binding.

III. PEO and PFO Certification

The Company's Principal Executive Officer and Principal Financial Officer (each as defined in the TARP Regulations) will certify that any expenditure requiring the prior approval of any CEO (as defined in the TARP Regulations), the prior approval of any executive officer of a substantially similar level of responsibility, or the prior approval of the Committee, was properly obtained with respect to each such expenditure. Under Section I.A., prior approval is required for entertainment or event expenses in excess of the per-event limit or annual limit specified in that section. In addition,

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under Section II, the Committee may require prior approval of particular expenses, particular types of expenses, or expenses incurred by a particular employee or director.

IV. Reporting of Violations

Violations of this Policy must be reported to the Company's Senior Risk Officer (as defined in the TARP Regulations), for purposes of this policy this is the Company's CFO, who will then investigate and report each confirmed violation to the Committee. No employee or director may be disciplined in retaliation for reporting a violation of this Policy.

V. Accountability

By accepting any reimbursement from the Company, an employee or director (1) represents that the expense for which reimbursement is sought is for a legitimate business purpose and is eligible for reimbursement under this Policy; (2) acknowledges that he or she has read and understands this Policy and agrees to return all or a portion of the reimbursement he or she receives if the Committee or its designee determines that such expense was excessive, extravagant, unnecessary or unrelated to a legitimate business purpose or was otherwise not eligible for reimbursement; and (3) agrees to be responsible for payment of, or reimbursement to the Company of, any expense that is not approved by the Committee or its designee pursuant to this Policy.

The Company's Senior Risk Officer (as defined in the TARP Regulations) or another appropriate officer of the Company will thoroughly investigate any known or reasonably suspected violations of this Policy, including, without limitation, any approval of an expense by the designated officer under Section II that such officer knew was ineligible and any prohibited retaliatory discipline under Section IV. Such officer shall provide a full report to the Committee of his or her findings. If the Committee determines that a violation has occurred, the Committee may authorize such officer to seek reimbursement from the violating employee or director on behalf of the Company or may authorize any appropriate or necessary disciplinary action, up to and including terminating a violating employee's employment, requesting the resignation of a director, or directing the applicable board of directors on which a director serves not to nominate such director for reelection.

Employees and directors shall be apprised of the existence of and terms of the Policy. A copy of the Policy will be provided to employees and directors, posted in prominent locations where employees and directors will be able to see it, or a combination of the foregoing. A copy of the Policy may be provided to any employee or director upon request.

VI. Miscellaneous

The Committee shall have the sole and absolute authority to interpret the provisions of this Policy and their determination as to any matter hereunder shall be final and binding on all relevant parties. This Policy may not be amended, revoked, or superseded without the express approval of the Committee.

This Policy is adopted and effective on August 20, 2009.