

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 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.

Stockmens Financial Corporation (SFC) and Security First Bank (SFB), prohibit 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 in furtherance of the normal course of business operations of SFC and SFB.

Renovations:

Renovations of facilities and office spaces should be completed when reasonably necessary in furtherance of the business operations of SFC and SFB and then in a reasonable and cost effective manner. 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 current or prospective customer(s) or to further enhance the marketing efforts of SFC and/or SFB.

Our expectation is that all expenses incurred and charged to the SFC and/or SFB will be for enhancing the business operations of the institutions. Expenses incurred must be reasonably related to the business objective being served and appropriate in amount and type given the relative size and complexity of the institutions.

Conferences:

We encourage our staff to attend conferences that are appropriate educational opportunities. These conferences should be related to the financial services industry or have a direct correlation to their job. At times it may be appropriate that a spouse would travel to these conferences with Company attendees.

This Policy is not applicable to reward conferences whether paid for by the SFC or SFB or other vendors if the purpose of such conference is meant to be a reward.

Holiday Parties:

Holiday parties are part of an employee appreciation process. Holiday parties should be local in geographic nature, and costs should be reasonable in light of the number of employees and guests attending.

This policy is not applicable to Events and Parties focused on Customers for the purpose of attracting their business.

Aviation Services:

Transportation for the Company staff to outlying locations, including bank location, conferences, business development purposes and merger and acquisition research, should be conducted in the most cost appropriate way for the SFC and/or SFB. The executive officers of SFC and SFB will determine which mode of transportation is the most appropriate for the employees, directors, shareholders and agents of SFC and SFB. A determination of the mode of transportation will factor in cost, efficiency and timeliness of travel.

Notwithstanding the guidance provided above, any individual event, program, renovation, etc. exceeding \$10,000 shall require the advance approval of the Executive Management Committee. Such amounts in excess of \$20,000 shall require the advance approval of the Board of Directors.