



SECURITY CAPITAL CORPORATION Excessive Expenditures Policy

*As a participant in the Capital Purchase Program (the "CPP") being administered by the United States Department of the Treasury ("Treasury"), **Security Capital Corporation** adopted this Excessive Expenditures Policy (this "Policy") pursuant to the requirements of the American Recovery and Reinvestment Act of 2009, as implemented by the Interim Final Rule published June 15, 2009, by Treasury. A copy of this Policy has been provided to **Treasury and Federal Reserve** and as policy dictates will be posted on **First Security Bank's** Internet website. Moreover, **Security Capital Corporation** will maintain this Policy during the remainder of the participation in the Treasury's programs, and, in the event the Board of Directors adopts any material amendment to this Policy, within 90 days of such amendment **Security Capital Corporation** will provide the amended policy to **Treasury and Federal Reserve** and will post the amended policy on **First Security Bank's** Internet website.*

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INTRODUCTION

It is the overall policy of Security Capital Corporation to prohibit excessive expenditures on any of the following 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 Security Capital Corporation's or First Security Bank's business operations:

- Entertainment or events;
- Office and facility renovations;
- Aviation or other transportation services; and
- Other similar items, activities, or events for which Security Capital Corporation or First Security Bank may reasonably anticipate incurring expenses, or reimbursing an employee for incurring expenses.

This Policy is not intended to apply to bona fide business development or marketing expenditures, provided that the expenditure in question does not involve the conferring of a significant benefit on any employee or group of employees of Security Capital Corporation or First Security Bank.

The following policies and procedures shall govern such expenditures.

PROHIBITED EXPENDITURES

The following types or categories of expenditures are prohibited:

- **Entertainment**, where the expenditure amount exceeds **\$10,000.00** per item, activity, or event or per employee receiving the item or participating in the activity or event;
- **Events or sponsorship** of events, where the expenditure amount exceeds **\$25,000.00** per item, activity, or event or per employee receiving the item or participating in the activity or event;
- **Office or facility renovations**, where the expenditure amount exceeds **\$50,000.00** per item, activity, or event or per employee receiving the item or participating in the activity or event;
- **Aviation services**, where the expenditure amount exceeds **\$10,000.00** per item, activity, or event or per employee receiving the item or participating in the activity or event;
- **Other transportation services**, where the expenditure amount exceeds **\$6,000.00** per item, activity, or event or per employee receiving the item or participating in the activity or event; and

EXPENDITURES REQUIRING PRIOR APPROVAL

The following types or categories of expenditures require prior approval (in accordance with the procedures described in part III below):

- **Entertainment**, where the expenditure amount exceeds **\$2,500.00** per item, activity, or event or per employee receiving the item or participating in the activity or event;
- **Events or sponsorship** of events, where the expenditure amount exceeds **\$5,000.00** per item, activity, or event or per employee receiving the item or participating in the activity or event;
- **Office or facility renovations**, where the expenditure amount exceeds **\$10,000.00** per item, activity, or event or per employee receiving the item or participating in the activity or event;

- **Aviation services**, where the expenditure amount exceeds **\$5,000.00** per item, activity, or event or per employee receiving the item or participating in the activity or event;
- **Other transportation services**, where the expenditure amount exceeds **\$3,000.00** per item, activity, or event or per employee receiving the item or participating in the activity or event; and

APPROVAL PROCEDURES

For expenditures requiring prior approval, such prior approval may be obtained by submitting a written request to the following person(s):

- Where the amount of the proposed expenditure is greater than or equal to **\$5,000.00**, the written request must be approved by an appropriate superior holding the office of **CEO or CFO or higher** with Security Capital Corporation or First Security Bank, as applicable.
- Where the amount of the proposed expenditure is greater than or equal to **\$25,000.00**, the written request must be approved by the **Board of Directors** of Security Capital Corporation or First Security Bank, as applicable.

CEO AND CFO CERTIFICATION OF CERTAIN APPROVALS

With respect to each expenditure requiring the prior approval of (i) any SEO (defined as the CEO; the CFO; the three most highly compensated executive officers other than the CEO and CFO who were serving as executive officers at the end of the last completed fiscal year; and up to two additional individuals who would qualify but for the fact that the individual was not serving as an executive officer at the end of the last completed fiscal year), (ii) any executive officer of a substantially similar level of responsibility, or (iii) Security Capital Corporation's Board of Directors (or a committee of the Board), the CEO and the CFO will both certify in writing that the approval of such expenditure was properly obtained.

PROMPT REPORTING OF, AND ACCOUNTABILITY FOR, VIOLATIONS

If any employee of Security Capital Corporation or First Security Bank becomes aware of a violation of this Policy, he or she must promptly report the violation to the **Internal Auditor**. Upon receiving such a report, the Internal Auditor must then conduct a discreet investigation, preliminary in nature, of the facts and circumstances giving rise to the allegation. If, after an appropriate investigation, the Internal Auditor concludes there is a substantial likelihood that a violation has occurred, then the Auditor must submit to the Audit Committee of the Board of Directors a written report describing (i) the alleged violation, (ii) the Internal Auditor's preliminary investigation into the allegation, and (iii) the reasons for the Internal Auditor's conclusion that there is a substantial likelihood that a violation of this Policy has occurred. Upon receiving this written report, the Audit Committee will conduct a full inquiry into the facts and circumstances giving rise to the allegation.

If, after conducting a full inquiry into the facts and circumstances giving rise to the allegation, the Audit Committee determines that a violation of this Policy has occurred, the offending employee must be appropriately held accountable for the violation, in accordance with existing disciplinary policy.