

EXCESSIVE & LUXURY EXPENDITURE POLICY

Suburban Bank and Trust Company

1. Purpose

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.

Suburban Illinois Bancorp and its subsidiary, Suburban Bank & Trust Company (SBT) 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 measures conducted in the normal course of business operations.

2. Role of Executive Management

Executive management is responsible for the effective implementation of this policy. To that end, executive management shall have the following roles:

- Monitor expenditures addressed by this policy to ensure compliance with this policy.
- Document and justify any exceptions to this policy and report exceptions to the SBT Board of Directors.
- Document and report any violation of this policy to the SBT Board of Directors in a timely manner.
- Promptly recommend modifications of this policy to the SBT Board of Directors to ensure it remains compliant with the TARP Standards for Compensation and Corporate Governance as defined by the Department of Treasury (31 CFR Part 30) as it may be amended.
- Ensure that this policy is posted on SBT's public website.

3. Renovations

Renovations of facilities and office spaces should be relative to the approved project and current profit plan. 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.

4. Entertainment

Entertainment is defined as an activity that an Employee or Executive would use corporate funds for business development purposes relating to a current customer or prospective customer, or to further enhance SBT's marketing efforts.

The expectation is that all expenses incurred to SBT would be for company purposes, and used to draw business to SBT. Occasional events such as taking customers or prospects on trips, playing golf, sporting events, concerts, eating dinner, or taking them to other events the customer/prospect would find pleasurable is a necessary part of SBT's marketing efforts and is not deemed as "luxury" or a violation of this Policy. These expenses should be documented and detailed as to the benefit derived by SBT through the normal accounts payable process.

Events and parties focused on customers for the purpose of attracting their business would not fall under this policy.

5. Conferences

SBT encourages the 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. At times it may be appropriate that a spouse would travel to these conferences with SBT attendees. Typically these conferences are sponsored by vendors, banking associations, or other industry related entities.

6. Employee Recognition/Holiday Parties

SBT feels 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.

7. 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.

8. Aviation Services

Transportation for SBT staff to outlying locations, including bank locations, conferences, business development purposes and merger and acquisition research, should be conducted in the most cost appropriate way for SBT. 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 without the approval of the Chairman of SBT Board of Directors.

9. Reporting of Violations

Any individual who violates this policy, or knows of any such violation by any other individual, must report the violation immediately to such individual's supervisor who shall then report the violation to the CEO or to the Chair of the Audit Committee (if an alleged CEO violation). Any employee or director who violates this policy shall be subject to discipline up to and including termination of employment or removal from or omission of re-nomination to the Board.