

## **Excessive & Luxury Expenditure Policy**

This Policy is intended to fulfill the requirements of the Emergency Economic Stabilization Act of 2008 (the “EESA”), as amended by the American Recovery and Reinvestment Act of 2009 (the “ARRA”) and regulation adopted thereunder (the “TARP Standards for Compensation and Corporate Governance”) requiring each TARP recipient to have a company-wide policy regarding excessive or luxury expenditures.

### **Policy Statement**

It is the policy of Blue River Bancshares, Inc. (the “Company”) that expenditures on entertainment or events, office and facility renovations, aviation or other transportation services, and other similar items, activities or events for which the Company or any of its subsidiaries may reasonably anticipate incurring expenses are prohibited to the extent that such expenditures are not reasonable expenditures for staff development, reasonable performance incentives, or other similar reasonable activities conducted in the normal course of the Company’s business operations. In the event that any matter covered in this policy is also covered in any other policy of the Company or one of its subsidiaries, the terms of the more restrictive policy shall control with respect to the Company or the subsidiary, as appropriate.

### **Expenditures Covered**

#### ***Entertainment, Events and other Similar Items***

Entertainment.

Entertainment is defined as an activity in which an employee of the Company or any subsidiary of the Company uses corporate funds for business development purposes relating to a current customer or prospective customer, or to further enhance the marketing efforts of the Company or any of its subsidiaries. Our expectation is that all entertainment expenses incurred by the Company or any of its subsidiaries would be for appropriate purposes, and used to drive business to the Company or one of its subsidiaries.

Occasional events such as playing golf, eating meals, or taking a customer or prospective customer to other events that the customer or prospective customer would find pleasurable are a necessary part of the marketing efforts of the Company and its subsidiaries and are not deemed to be a “luxury” or a violation of this Policy. All entertainment expenses in excess of \$250.00 per person require the prior approval of the Chief Executive Officer of the Company or the subsidiary, as appropriate. All entertainment expenses should be documented and detailed as to the identity of the customer/prospect and the benefit derived by the Company through the normal accounts payable process.

Conferences.

We encourage our employees to attend conferences that are appropriate educational opportunities. These conferences should be related to the financial services industry and have a direct correlation to the attending employees' job. Conference attendance requires prior approval in accordance with the procedures contained in the Expense Payment Policy of the Company or subsidiary, as appropriate.

At times it may be appropriate for a spouse to travel to a conference with a Company attendee, although such travel by the spouse shall be the financial responsibility of the attendee and not the Company.

Employee Recognition/Holiday Parties.

We feel that employee recognition/holiday parties are part of the employee appreciation process and our culture. These events should be local in geographic nature, and may include costs for such things as service awards and nominal door prizes. Any proposed event costing more than \$15,000 must be approved by the Chief Executive Officer (if an employee or senior executive officer meeting or event) or the Chairman of the Board (if a director or Chief Executive Officer meeting or event).

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.

### ***Office and Facility Renovations***

Renovations of facilities and office spaces should be relative to the approved project, completed within the Fixed Asset Policy of the Company or subsidiary, as appropriate, and approved by the Board of Directors of the Company or subsidiary. 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. All renovations must be approved in advance by the Chief Executive Officer of the Company or subsidiary.

### ***Aviation or Other Transportation Services***

Transportation for Company staff to outlying locations, including conferences, business development purposes and mergers and acquisitions, should be conducted in the most cost appropriate way for the Company. Modes of transportation to be used may consist of vehicle, commercial air or rail service. The selection of transportation services

should factor in the cost, efficiency and timeliness of travel. Private air services are not allowed without the prior approval of the Board of Directors.

### ***Other Activities***

All other activities or events that are not reasonable expenditures for staff development, performance incentives in accordance with written plans and policies or other similar expenditures incurred in the normal course of business must be approved by the Company's Chief Executive Officer or Chairman of the Board.

### **Amendments**

Any material amendments to this Policy shall be approved by the Board of Directors and filed with the Treasury and the Company's primary regulatory agency, and posted on the Company's website, in accordance with the TARP Standards for Compensation and Corporate Governance.

### **Violations**

Any individual who violates this Policy, or knows of any such violation by any other individual, must report the violation immediately to the Senior Vice President, Director of Internal Audit. Any employee who violates this Policy shall be subject to discipline up to and including termination of employment.

### **Certification of Compliance**

The principal executive officer and principal financial officer of the Company shall certify, within 90 days following the end of each fiscal year, in accordance with the TARP Standards for Compensation and Corporate Governance and to the Board of Directors of the Company that the Company and its employees have complied with this Policy and that all expenses requiring approval pursuant to this Policy have been properly approved in accordance with the requirements of this Policy. Documentation and records necessary to substantiate such certifications shall be preserved in accordance with the TARP Standards for Compensation and Corporate Governance.