

**FIRST BANKS, INC.**  
**Excessive or Luxury Expenditures Policy**  
**September 14, 2009**

Pursuant to Section 111(d) of the Emergency Economic Stabilization Act of 2008 as amended by the American Recovery and Reinvestment Act of 2009, the Board of Directors of First Banks, Inc. (the “Company”) has adopted this policy to prohibit excessive or luxury expenditures. This policy applies to the employees and directors of the Company and certain other related entities, including First Bank, as provided in the applicable laws and regulations. This policy supplements the Company’s Purchasing, Leasing and Expense Policy and Procedures (the “Expense Policy”), as amended from time to time.

**I. General Limitations**

Generally, excessive or luxury expenditures on entertainment and events, office or facility renovations, aviation and other transportation services and other similar 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 of the Company, its affiliates, and subsidiaries are prohibited.

**II. Entertainment or Events**

Expenditures for entertainment and events must be: (i) for the purpose of developing business for the Company; (ii) consistent with the operating budgets of the Company or the applicable subsidiary or affiliate; and (iii) consistent with and in accordance with the Expense Policy. 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 and such other similar expenses subject to the Company’s operating budgets and the Expense Policy, including relevant approval requirements.

**III. Office and Facility Renovations**

Expenditures for office and facility renovations must be: (i) consistent with the Company’s operating and/or capital expenditure budgets, as appropriate; (ii) for the purpose of providing the Company appropriate facilities in which to conduct its business, consistent with the Company’s long term business strategy; and (iii) consistent with the Expense Policy. 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.

**IV. Aviation and Other Transportation Services**

The Company shall only provide or reimburse the cost of travel by an employee or director in connection with legitimate business purposes which shall be conducted in a cost effective manner and in accordance with the Expense Policy. Modes of transportation used shall include but not be limited to automobile, air and rail transportation. In addition, the Company

shall not maintain, or have on retainer, a private aviation vehicle or service. Expenses for private chartered flights shall not be paid or reimbursed unless no other means of transportation are reasonably available under the prevailing circumstances.

## **V. Other Similar Activities or Events**

Expenditures for other activities or events including, but not limited to, expenditures for staff development, training, conferences, charitable events, employee appreciation and reasonable performance incentives are eligible for reimbursement provided that any such expenditure: (i) is made in accordance with the Expense Policy; (ii) is consistent with the Company's operating budget; (iii) serves the purpose of furthering the business goals of the Company; and (iv) is reasonable in proportion to the benefit to the Company that is expected to be derived from such expense.

## **VI. Approval Procedures**

Employees and directors must submit requests for reimbursement on such forms and in such time and manner as provided under the Expense Policy. Any expenditure in excess of the amounts set forth in the Expense Policy or the Company's operating budget must be approved by the Chief Executive Officer or the Chairman of the Company. The Compensation Committee of the Company's Board of Directors (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 from time to time.

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 will be denied. Any reimbursement sought for expenses which the Committee or its designee determines are excessive, extravagant, or 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.

## **VII. Officer Certification**

The Company's Principal Executive Officer and Principal Financial Officer (each as defined in the applicable regulations) will certify that any expenditure requiring the prior approval of any senior executive officer (as defined in the applicable 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. The Committee may require prior approval of particular expenses, particular types of expenses, or expenses incurred by a particular employee or director.

## **VIII. Reporting of Violations**

Violations of this policy must be reported to the Company's Director of Risk Management, Chief Human Resources Officer, General Counsel (the "Senior Risk Officers") or

the Committee. No employee or director may be disciplined in retaliation for reporting a violation of this policy.

#### **IX. Accountability**

By accepting any reimbursement from the Company, an employee or director (i) represents that the expense for which reimbursement is sought is for a legitimate business purpose and is eligible for reimbursement under this policy; and (ii) 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.

The Senior Risk Officers or another appropriate officer of the Company will thoroughly investigate any known or reasonably suspected violations of this policy. 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 recommending to 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 made available to employees and directors and a copy of the policy may be provided to any employee or director upon request.

#### **X. Miscellaneous**

The Committee shall have the sole and absolute authority to interpret the provisions of this policy and its determination as to any matter hereunder shall be final and binding on all relevant parties. This policy may be amended, revoked, or superseded by the Company's Board of Directors.

This policy is effective on September 14, 2009.