

EXCESSIVE OR LUXURY EXPENDITURES POLICY

This policy fulfills the requirements outlined in Section 111 of the Emergency Economic Stabilization Act of 2008 (EESA), as amended by the American Recovery and Reinvestment Act of 2009 (ARRA) enacted on February 17, 2009. Under the interim final rule (31 CFR Part 30), 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.

Green City Bancshares, Inc. (the “Company”) and its subsidiary, Farmers Bank of Green City, 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 for conferences, staff development, reasonable performance incentives or other similar measure conducted in the normal course of business operations of Farmers Bank of Green City. This policy applies to all employees, officers and directors of Green City Bancshares, Inc. and its subsidiaries including Farmers Bank of Green City

Renovations:

Renovations of facilities and office spaces should be relative to the approved current budget and/or strategic plan, and tracked within the Bank’s Expense Authorization Policy. An exception to this is allowed in the event management must deal with an emergency situation, such as an act of nature, and the expenditure is necessary to make the facility operational for either employee or customer use. At no time should renovations be considered that would have the appearance of being extraordinary, or excessive from a shareholder perspective.

Entertainment:

Entertainment is defined as an activity that an employee, officer or director would use corporate funds for business development purposes relating to a current customer(s) or prospective customer(s) or to further enhance the Company’s marketing efforts.

Our expectation is that all expenses ultimately paid by the Company would be for company purposes, and used to steer and/or increase business to the Bank. Occasional events such as taking customers or prospects on trips, playing golf, eating dinner, taking them to other events the customer/prospect would find pleasurable is a necessary part of the Company’s marketing efforts and is not deemed as “entertainment” or a violation of this policy. These expenses should be documented and detailed as to the benefit derived by the Bank.

Conferences:

The Board encourages our staff to attend conferences that provide appropriate educational opportunities. These conferences should be related to the financial services industry and have a direct correlation to the employee's job. Typically these conferences are sponsored by vendors, banking associations, or other industry related entities. At times it may be acceptable that a spouse travels to these conferences with the Company employee or director. In the event a spouse travels to the event, the spouse's travel expenses will not be paid by the Company.

This policy prohibits attendance at reward conferences, whether paid for by the Company or other vendors. Any employee/officer/director attendance at a reward conference would be considered a violation of this policy—again, regardless of who paid—if the conference has no educational value.

Holiday Parties:

The Board of Directors believes that a company-wide annual holiday party and a company-wide annual picnic are important in terms of employee appreciation and employee morale. Accordingly, this policy does not prohibit expenditures in conjunction with such events. However, such employee events must be local as neither overnight nor travel expenses will be paid by the Company and the expenses associated with such an event should not cost the Company more than approximately an average day's gross payroll. Other events, such as a company picnic or the occasional department party, should be just a fraction of that cost and deemed reasonable by any appropriate standard.

Board Retreats:

Board retreats may only be used for educational purposes with the corresponding expenses deemed reasonable by any standard. It is recognized that Board education is a vital part of attracting and maintaining a dynamic director base, and this policy does not prohibit a retreat that is focused on strategic planning or board education.

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

Aviation Services:

Transportation for Company staff to outlying locations, including but not limited to schools, conferences, business development meetings, and merger and acquisition research, should be conducted in the most cost appropriate way for the Company. The Finance Department will maintain, when appropriate, an analysis of trips to determine which mode of transportation is the most appropriate for the Company. Modes of transportation to be used for such analysis, for example may consist of vehicle, train, commercial air service and private air service. A determination of transportation analysis will factor in cost, efficiency and timeliness of travel.

All expenses permitted under this policy shall be approved strictly in accordance with the Bank's Expense Authorization Policy. Any violations of either policy, in conjunction with the expenditures outlined in this Excessive or Luxury Expenditures Policy, will be reported to the Board of Directors no more than 60 days from detection.

On no less than an annual basis, all members of Senior Staff of Green City Bancshares, Inc. and Farmers Bank of Green City shall certify as to their understanding of and compliance with this policy. A copy of such certification is attached in Appendix A.

Required Reporting:

The process for approving and reporting expenditures covered by this policy, as well as the actual amount of expenditures incurred, may be subject to audit by the Company's internal audit staff to confirm policy compliance.

Any violations or departures from policy requirements shall be promptly reported to the Board of Directors.

At least annually it shall be certified to the Board of Directors that the approval of any expenditure under this policy requiring the prior approval of a senior executive officer or the Board of Directors was properly obtained with respect to each such expenditure.

Appendix A

Annual Senior Officer Certification

Policy: **Excessive or Luxury Expenditures Policy**

Date Originally Adopted: November 20, 2009

This is to certify that I have read, understand and agree to comply with Farmers Bank of Green City's Excessive or Luxury Expenditures Policy, adopted on November 20, 2009.

Print Name

Signature

Date