

Farmers Capital Bank Corporation Entertainment, Event and Facility Expenditure Policy

1. **Background.** Farmers Capital Bank Corporation (the “Company”) is participating in the Troubled Assets Relief Program (TARP) established by the U.S. Department of Treasury. TARP participants are required to comply with the executive compensation and corporate governance requirements of section 111 of the Emergency Economic Stabilization Act of 2008 (“EESA”), as amended by the American Recovery and Reinvestment Act of 2009 (“ARRA”), and the corresponding regulations known as the TARP Standards for Compensation and Corporate Governance (31 CFR Part 30) (collectively, the “EC&CG Requirements”).

2. **Reason for Policy.** During the period that the Company participates in TARP, the Board of Directors and Senior Management of the Company are committed to complying fully with the EC&CG Requirements. This Entertainment, Event and Facility Expenditure Policy is intended to fulfill the Company’s obligation under the EC&CG Requirements to have in place a company-wide policy regarding excessive or luxury expenditures.

3. **Role of the Board of Directors.** The Board has oversight responsibility for the Company’s compliance with the requirements of the EC&CG Requirements. In support of its oversight responsibilities, the Board shall have the following roles following the adoption of this Policy:

1. The Board of Directors must review and approve this policy on an annual basis, or, in the event of subsequent amendments to the EC&CG Requirements, in such time frame required by the amendment.

2. The Board shall review any exceptions to this policy at the next regularly scheduled meeting subsequent to the granting of the exception.

4. **Role of Senior Management of the Company and Subsidiaries.** Senior management of the Company and of each subsidiary is responsible for the implementation of this Policy. Following the adoption of this Policy by the Company’s Board of Directors, senior management shall have the following roles:

1. Provide a copy of this Policy to the U.S. Department of Treasury and to the Kentucky Department of Financial Institutions.

2. Monitor expenditures addressed by this Policy to ensure compliance with this Policy. Promptly notify the Chief Executive Officer and Chief Financial Officer of the Company of each expenditure covered by this Policy that requires the prior approval of any member of senior management at the Company level or at any subsidiary level.

3. Document and justify any exceptions to this Policy and report exceptions to the Board of Directors of the Company. Both the Chief Executive Officer of the Company and Chairman of the Board of the Company must approve in advance any exceptions to this Policy.

4. Promptly recommend modifications of this Policy to the Board of Directors of the Company to ensure it remains compliant with the EC&CG Requirements as they may be amended.

5. Ensure that this Policy is posted on the Company's website.

5. Role of Chief Executive Officer and Chief Financial Officer. The Company's Chief Executive Officer and Chief Financial Officer shall annually certify that each expenditure covered by this Policy that required the prior approval of any member of senior management at the Company level or at any subsidiary level or by the Chief Executive Officer of the Company and Chairman of the Board of the Company (with subsequent ratification by the Board of Directors of the Company), was properly obtained with respect to each such expenditure.

6. Policy Statement. It is the policy of the Company that excessive or luxury 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 subsidiary may reasonably anticipate incurring expenses or reimbursing an employee for incurring expenses are prohibited to the extent that such expenditures are not reasonable expenditures for conferences, staff development, reasonable performance incentives, goodwill or other similar reasonable measures conducted in the normal course of business. This policy applies to all employees, officers and directors of the Company and each of its subsidiaries.

“Entertainment” is defined as activities for which an employee, officer or director would use corporate funds for business development purposes relating to current or prospective customers or to enhance the Company's or a subsidiary's perception in the market or its goodwill in the market. Our expectation is that all expenses incurred for these activities would be for corporate purposes with the objective of attracting business to the Company and/or a subsidiary. Examples of entertainment include taking customers or prospective customers to restaurants, theater, sports events, concerts, golf, and other activities that the customer or prospective customer would find enjoyable and provide an opportunity to enhance business relationships. Expenditures for these purposes in the normal course of business are a necessary part of the Company's and its subsidiaries' marketing efforts and are not deemed as “luxury” or a violation of this Policy. Prior approval of expenditures for this purpose and consistent with the Company's and its subsidiaries' prior practices is not required. These expenses should continue to be documented and detailed as to the benefit derived by the Company or a subsidiary through the normal accounts payable process. Entertainment and event expenditures anticipated to be in

excess of \$3,000 must be reviewed with and approved by a member of senior management of the Company prior to expenditure.

“Events” are defined to include meetings, conferences, and employee recognition events that are intended to provide the Board, management and employees with opportunities for individual and team education, development and recognition, business planning, market and industry networking, and related business purpose objectives. Meetings may include both those that are internally organized as well as those organized by other banks, trade associations, vendors and similar organizations. Occasionally, Company or subsidiary organized meetings are held in non-Company facilities such as restaurants and hotels in order to accommodate the size of the group, facilitate better delivery of the meeting, or provide participants with a venue that is most conducive for the meeting’s purpose. Directors, management and employees may also participate in meetings hosted by other business partners that have a clear business purpose. The costs associated with meetings must be included in the Board approved annual plan. Conferences typically offer educational, skill development and industry networking opportunities that enhance participant performance. These conferences should be related to the financial services industry and have a direct correlation to attendee’s job. At times it may be appropriate that a spouse would travel to these conferences with the Company or subsidiary attendees. Conference participation is subject to approval by a member of senior management of the Company. Employee recognition meetings, dinners and events are held occasionally to recognize the contribution of an individual, team or all employees. The cost of such meetings must be approved in advance by a member of senior management of the Company.

“Office and facility renovations” are permitted only for approved projects that are part of the Company’s Board approved annual financial 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. Renovations must be in all regards consistent with the Company’s historical standards of utility and finish.

“Aviation and other transportation services” for the Company and subsidiary staff to outlying locations, including for conferences, business development purposes and other purposes should be conducted in the most appropriate manner. Permitted modes of transportation include automobiles and commercial air, bus or rail service. The selection of transportation services should include assessment of cost, efficiency and timeliness of travel. Private air services are not allowed without the approval of the Chairman of the Board of Directors.