

Naples Bancorp, Inc.		
Excessive or Luxury Expenditures Policy		
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I. Purpose

The board of directors and senior management of Naples Bancorp, Inc. are committed to fulfilling the requirements set forth in the federal Emergency Economic Stabilization Act of 2008 (“EESA”), as amended by the American Recovery and Reinvestment Act of 2009 (ARRA) enacted February 17, 2009. As a participant in the U.S. Treasury Department’s Troubled Asset Relief Program (TARP), it is the policy of Naples Bancorp, Inc. to abide by all requirements set forth therein, including complying with the TARP Standards for Compensation and Corporate Governance, which provides for a company-wide policy regarding excessive or luxury expenditures.

This policy applies for all employees of Naples Bancorp, Inc. and its sole subsidiary Bank of Naples. Compliance shall be mandatory during the period that Naples Bancorp, Inc. is a TARP participant.

II. Background

Section 111(d) of ARRA requires a TARP recipient’s board of directors to put in place a company-wide policy regarding excessive or luxury expenditures, that may include excessive expenditures on entertainment or events, office and facility renovations, aviation or other transportation services, or other activities or events that are not reasonable expenditures for staff development, reasonable performance incentives, or other similar measures conducted in the normal course of the TARP recipient’s business operations.

III. Definitions

Excessive or Luxury Expenditure. Excessive expenditures on any of the following to the extent such expenditures are not reasonable expenditures for staff development, reasonable performance incentives, or similar reasonable measures conducted in the normal course of the TARP recipient’s business operations:

1. Entertainment or events;
2. Office and facility renovations;
3. Aviation or other transportation services; and
4. Other similar items, activities, or events for which the TARP recipient may reasonably anticipate incurring expenses, or reimbursing an employee for incurring expenses.

Executive Officer. An “executive officer” as that term is defined in Rule 3b-7 of the Securities Exchange Act of 1934 (Exchange Act) (17 CFR 240.3b-7). For purposes of this policy, Naples Bancorp, Inc. defines Executive Officer as the Chief Financial Officer, Senior Lending Officer, President or Chief Executive Officer.

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IV. Scope

The types and categories of expenditures covered by this policy are as follows:

Entertainment or Events

An activity that an employee or Executive Officer, as that term is defined in this policy, would use corporate funds for business-development purposes relating to a current customer or prospective customer, or to further enhance marketing efforts. Entertainment expenses incurred are used to develop customer relationships. Examples of entertainment include taking customers/prospects to restaurants, theaters, sports events, concerts, golf and other activities that the customer/prospect 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 marketing efforts and are not deemed as “luxury” or a violation of this policy. Prior approval of expenditures for this purpose and consistent practice is not required. These expenses shall be documented and detailed as to the benefit derived through the normal accounts payable process.

Conferences, Events and Retreats

Meetings, conferences, and employee recognition events 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 banks, trade associations, vendors and similar organizations. Occasionally, organized meetings may be held at facilities such as restaurants or 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.

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 the attendee’s job. At times it may be appropriate that a spouse would travel to these conferences with attendees. Travel expenses incurred by a spouse travelling with an employee to such events shall be the responsibility of the employee and not the company. Typically, such conferences are sponsored by vendors, banking associations, or other industry-related entities. Events that do not have an educational, marketing, strategic planning, business development or other business purpose will generally not be subsidized. Conference participation is subject to approval by senior management. 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 should be approved by a member of the senior management team.

Office and Facility Renovations

Renovations of facilities and office spaces shall be relative to the approved project and current profit plan, and tracked in accordance with the capital expenditure policy. An exception to this can be

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allowed if management is confronted with an emergency situation, such as an act of nature, and the expenditure is necessary to make the facility operational for customer use.

Aviation and Other Transportation Services

Transportation for directors, officers and employees in fulfilling their respective duties, including, without limitation to locations, conferences, business development purposes and merger and acquisition due diligence, should generally be conducted in a cost efficient manner when appropriate, although other relevant factors may be considered when determining the specific mode of transportation. Modes of transportation to be used may consist of vehicle, commercial or private air or rail service. The selection of transportation services will take into account safety, cost, efficiency, timeliness of travel and the needs of directors, officers and employees.

Other Similar Activities

Naples Bancorp, Inc., as a normal course of business, encourages employees to manage expenses carefully. Any expenditure that would reasonably be considered beyond normal limits or lacking restraint in the normal course of business shall be referred to an Executive Officer for determination.

V. Administration

The Chief Financial Officer is responsible for the day-to-day administration of this policy. Adherence to this policy is required for all employees and any exceptions to this policy must be approved by an Executive Officer. Questions regarding this policy, including the prior approval of any expenditure as to its reasonableness, shall be directed to an Executive Officer who shall make a determination, provided that no Executive Officer shall make any determination with respect to his or her own expenditures.

Any violation of this policy should be promptly reported to an Executive Officer and all such violations should be reported to the board of directors, or to the audit committee of the board, as applicable. Violations may result in disciplinary action, up to and including termination of employment.

The board of directors has oversight responsibility for compliance with requirements of TARP Standards for Compensation and Corporate Governance. As defined by the U.S. Treasury (31 CFR 30). In support of its oversight responsibilities, the board shall have the following roles:

1. Approve this policy on an annual basis, or, in the event of subsequent amendments to the TARP Standards for Compensation and Corporate Governance, within such timeframe as required by the amendment.
2. Ensure the Chief Executive Officer and Chief Financial Officer have complied with applicable certification requirements as related to this policy.

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VI. Executive/Financial Officer Certification

The Chief Executive Officer and Chief Financial Officer shall certify to the board of directors, to the U.S. Treasury and to Naples Bancorp, Inc.'s primary federal regulatory agency at least annually, in accordance with applicable Treasury regulations and guidance, that the corporation has complied with this policy during the applicable period, and that all expenditures requiring approval pursuant to this policy have been properly approved. Appropriate documentation and records to substantiate such certifications shall be preserved for six (6) years after the date of such certification in accordance with applicable government regulations and guidance.