

PFSB BANCORPORATION, INC.

Luxury and Excessive Expenditures Policy

June 16, 2010 Amended

Approved Board of Directors June 16, 2010

PFSB Bancorporation, Inc. prohibits excessive expenditures by officers and employees on:

- Entertainment and Events;
- Office and facility renovations;
- Aviation and transportation services; and
- Other activities and events that are not reasonable expenses for staff development, reasonable performance incentives, or other similar measures taken in the normal course of business.

Expenditure for office and facility renovations and travel are prohibited without approval of the Board. Expenditures for entertainment, activities or events that exceed -0- per participant are prohibited without prior approval of the Board of Directors. The Board considers such expense requests monthly. Following each approval, the Chief Executive Officer and Chief Financial Officer must certify that permission was properly obtained with respect to each such expenditure. The Bank does not pay for spousal travel, meals, etc. when accompanying the Bank employee while conducting Bank business requiring travel expense.

All officers and employees of PFSB Bancorporation, Inc., and its subsidiaries, are subject to the terms of this policy, and are required to report any violations of this policy the Board. Each month, the Board reviews all one-time expenditures in excess of \$500 to ensure adherence to this policy.

Should an employee violate the above Policy, he will be required to reimburse the Bank upon notification by the Board of Directors for the amount the Board has determined to be excessive and out of compliance with PFSB Bancorporation, Inc. agreement with the Treasury. A repeat violation may be cause for dismissal.