



LUXURY EXPENDITURE POLICY

This policy fulfills the requirements under the American Recovery and Reinvestment Act of 2009 (ARRA) enacted February 17, 2009. 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.

River Valley Bancorporation and its subsidiaries; River Valley Bank and River Valley Insurance Agency, Inc. Companies 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 the Companies.

Renovations:

Renovations of facilities and office spaces should be relative to the approved project and current profit plan of the Companies. 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 facilities operational for customer use. At no time should renovations be done that would have the appearance of being extraordinary, or excessive from a shareholder perspective.

Entertainment:

Entertainment is defined as an activity that an Employee or Executive 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 incurred to the Companies would be for company purposes, and used to drive business to the Companies. 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 the Luxury Policy. These expenses should be documented and detailed as to the benefit derived by the Companies through the normal accounts payable process.

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

Conferences:

We encourage our staff to attend conferences that are appropriate educational opportunities. These conferences should be related to the financial services industry or related profession that supports the Companies initiatives and has a direct correlation to their job. At times it may be appropriate that a spouse would travel to these conferences with Company attendees. Typically these conferences are sponsored by vendors, banking associates, or other industry related entities.

Employee Recognition/Holiday Parties:

We believe that employee recognition/holiday parties are an important part of an employee appreciation process. These events should be local in geographic nature, and may not cost the Bank more than an average day's payroll per employee, on average. (Example: If the payroll is \$12 million annually divided by 260 days, equals \$45,000 in expense available for an appropriate recognition party.)

Board/Management Retreats:

Retreats will be used for educational or business planning purposes, and should be kept in consideration and looked at in the same view and discretion as all other expenses. Board education and strategic planning are vital parts of maintaining, and keeping a dynamic director base, and this policy should not limit a retreat that is focused on strategic planning or education.

Aviation Services:

Transportation of Company staff to outlying locations, including bank locations, conferences, business development purposes and merger and acquisition research, should be conducted in the most cost appropriate way for the Company. The accounting department will maintain, when appropriate, an analysis of trips to determine which mode of transportation to be used for the analysis, for example may consist of vehicle, commercial air service, and private air service. A determination of transportation analysis will factor in cost, efficiency and timeliness of travel.

Administration:

The CFO is responsible for the day-to-day administration of this Policy, and the CEO is accountable for overall adherence to this Policy and must approve any exceptions. Strict adherence to this Policy is mandated for all Company employees. Violations of this Policy shall be promptly reported to the CEO and to the Board of Directors.

The CEO and CFO of the Company shall certify to the Board of Directors at least annually that the provisions of the Policy are being enforced and are sufficient to provide reasonable assurance that the Company expenditures for such purpose are not excessive.

This Policy shall be subject to modification only with the approval of the Board stating the specific business rationale for the change in Policy.

This Policy, and any amendments hereto, shall be posted on the Company's Internet website and provided to the U.S. Department of the Treasury and the FDIC.