



(and all wholly owned subsidiaries)

Code of Conduct

I. INTRODUCTION

Because banking involves the safekeeping of the public's money, a bank's reputation for integrity is its most valuable asset. This reputation is often determined by the conduct of the bank officers, associates and agents. Therefore, we each must manage our personal and business affairs and conduct all our activities so that we do not betray the public confidence but also to strengthen and renew such confidence. The reputation and soundness of a bank are measured by its basic philosophical principles and practical implementation of those principles.

The bank is represented to the public through the judgment, conduct and moral values of its directors, officers, associates, agents, accountants, and attorneys (hereinafter called "Bank Officials"). Each Bank Official must manage his or her personal and business affairs so as to avoid situations that might lead to a conflict or even a suspected conflict between self-interest and duty to the bank, its customers, and its shareholders. The following code provides guidance for the exercise of personal judgment in the avoidance of conflicts of interest and/or the appearance of such conflicts.

This Code of conduct also is established and issued pursuant to the FDIC's guidelines for compliance with the Federal Bank Bribery Law (18 U.S.C. § 215). If there is anything in this Code which you do not understand or which will cause you difficulty, please discuss the problem with the bank president. Until the bank president gives written notice to the contrary, we shall expect each of our Bank Officials to comply with this Code of Conduct.

II. BANK POLICY

No Bank Officials shall (1) solicit for himself or for a third party (other than the bank itself) anything of value from anyone in return for any business, service or confidential information of the bank; or (2) accept anything of value (other than bona fide salary, wages and fees) from anyone in connection with the business of the bank, either before or after a transaction is discussed or consummated.

Code of Conduct: Bank Policy cont.

No Bank Official shall self-deal or otherwise trade on his position with the bank or accept from one doing or seeking to do business with the bank a business opportunity not available to other persons or that is made available because of such Bank Official's position with the bank.

III. EXCEPTIONS

There are a number of instances where a Bank Official, without risk of corruption or breach of trust, may accept something of value from one doing or seeking to do business with the bank. These exceptions to the general prohibitions include:

- A. Acceptance of gifts, gratuities, amenities or favors based on obvious family or personal relationships (such as those with the parents, children or spouse of a Bank Official) where the circumstances make it that it is those relationships rather than the business of the bank which are the motivating factors;
- B. Acceptance of meals, refreshments, entertainment, accommodations or travel arrangements, all of reasonable value, in the course of a meeting or other occasion, the purpose of which is to hold bona fide business discussions or to foster better business relations, provided that the expense would be paid for by the bank as a reasonable business expense if not paid for by another party;
- C. Acceptance of loans from other banks or financial institutions on customary terms to finance proper and usual activities of Bank Officials, such as home mortgage loans, except where prohibited by law;
- D. Acceptance of advertising or promotional materials of reasonable value, such as pens, pencils, notepads, key chains, calendars and similar items;
- E. Acceptance of discounts or rebates on merchandise or services that do not exceed those available to other customers;
- F. Acceptance of gifts of reasonable value that are related to commonly recognized events or occasions, such as retirement, holiday or birthday; and
- G. Acceptance of civic, charitable, educational or religious organization awards for recognition of service and accomplishment; and
- H. Acceptance of gifts or entertainment in amounts not to exceed \$25.00

Exceptions to Code of Conduct cont.

On a case-by-case basis, the bank may approve of other circumstances, not identified above, in which a Bank Official may accept something of value in connection with bank business. Should such other circumstance arise, please notify the bank president immediately. Approval must be made in writing on the basis of a full written disclosure of all relevant facts.

IV. CONFIDENTIAL INFORMATION

In the course of performing bank duties, Bank Officials acquire confidential information considered to be extremely sensitive by customers. This information shall not be revealed to unauthorized persons nor shall customer's finances be discussed with others within the bank unless their duties require the information. Information about customers can be released only when authorized by the customer or properly subpoenaed pursuant to state or federal law. And then the information released must be accurate and within the confines of the release authorizing document.

V. CONFLICT OF INTEREST

Bank Officials should not represent the bank in any transaction where they have a material connection or a financial interest. Examples of material connections would include relatives or close personal friends—whether the transaction involves them as individuals or as principals in a firm doing business with the bank. An example of a financial interest would be a Bank Official's involvement as a proprietor, partner, or joint venture in a firm doing business with the bank.

Bank Officials should avoid taking part in transactions involving any of the above circumstances. "Transactions;" applies to making loans; approving overdrafts; accepting checks on uncollected funds; waiving of NSF, overdraft, or late charges; and waiving the requirement for financial documents. Where there is a potential for conflict of interest for a Bank Official, that individual should request that someone else in the bank handle the transaction.

Bank Officials should not participate in outside activities, which could have the appearance of a conflict of interest. Specific types of outside activities that raise conflict of interest questions include:

1. Employment by a firm that competes with the bank.
2. Preparation of any material that will be presented to the bank by an entity seeking a loan.
3. Rendering accounting services.
4. Use of bank equipment, supplies, or facilities.
5. Rendering investment counsel.
6. Performing any service that the bank could perform.

Conflict of Interest cont.

Provided, however, it is recognized that on our Board of Directors are professionals in our community serving as doctors, accountants, lawyers, etc., who may perform professional services for the bank and borrowers to the mutual benefit of both. These services are recognized as necessary for the community and the bank, and are largely of a service objective nature, and are not considered by the bank as being of nature as to conflict with either the letter of this Code of conduct or the Federal Bank Bribery Act, so long as there is disclosure of the general nature of such services. Moreover, the fact that a professional may perform professional services for another client, financial institution, or its officers, so long as these services do not concern matters in conflict with this bank, will not be considered a violation of this Code or of the intent of the Federal Bank Bribery Act.

VI. DISCLOSURE REQUIREMENTS

If a Bank Official is offered or receives something of value from a customer beyond what is authorized in this Code of Conduct, the Bank Official must immediately disclose that fact to the bank president. The bank will maintain contemporaneous written reports of any disclosures made by Bank Officials in this regard.

Bank Officials shall disclose any and all potential conflicts of interest, including those in which they have been inadvertently placed due to either business or personal relationships with customers, suppliers, business associates or competitors of the bank. The bank shall maintain contemporaneous written reports of any such disclosures made by its Bank Officials.

VII. COMPLIANCE

The bank shall maintain and make available in the office of the president a copy of this written Code of Conduct.

All Bank Officials, upon receiving and reading a copy of this Code of Conduct, shall provide written acknowledgment of its contents and written agreement to comply therewith. In addition, should subsequent amendments to the Code be made, all Bank Officials shall provide written acknowledgment of and agreement to comply with those amendments.

CODE OF CONDUCT CERTIFICATION

I have received and read the code of Conduct of the bank and agree to abide by its provisions at all times. Within its meaning, expressed, and implied, I am not and have not been made aware of any circumstance or activity of a personal or family nature which would conflict with the interest of the bank except as indicated below. (If nothing to report, write "None.")

Signature: _____

Name and Title: _____

Department/Division: _____

Date: _____

Circumstance or Activity
