

Code of Conduct and Business Ethics

Ethics & Related Matters

At NetBank, Inc., all business should be conducted with honesty and integrity and in compliance with the applicable laws of every state and country in which the Company conducts business. We expect every associate and member of the board of directors to promote and protect the Company's best interests and maintain professional and personal integrity at all times. Associates are required to treat all persons equally, without regard to race, color, age, sex, religion, disability, national origin, or veteran status.

Associates are prohibited from interfering in Company or client matters in which they have no official connection. Associates may not represent or act as attorney, agent, broker, etc., for any person, client, or corporation doing business with the Company.

Relationships with clients

Relationships that the Company establishes with each client are for the benefit of the client, and the Company -- not the associate or director. To maintain business ethics and avoid potential conflicts of interest, the following is prohibited.

- Any relationship or involvement between an associate or director and client that may be disruptive, detrimental or adverse to the company/client relationship, or that may create even the appearance of a conflict of interest. In that regard, giving or accepting anything of value in return for any business services or confidential information of the Company is prohibited by the Federal Bank Bribery laws. Please refer to the "Gifts Section" of this handbook for further information.
- Any attempt to use clients to advance the self-interest of an associate or a director.

Conflicts of Interest

All associates and directors should be free from any financial interests or other relationships that may potentially or actually conflict with the best interests of the Company. A principal purpose of this policy is to provide guidance in avoiding personal activities and financial affairs that are, or may appear to be, in conflict with the responsibility to act in the best interests of the Company at all times.

Your duties and responsibilities

All associates and directors occupy, in varying degrees, positions of trust and confidence. In discharging the official responsibilities of these positions, the Company is owed absolute honesty and loyalty. These obligations include your duty and responsibility to:

- Act in good faith with integrity, fidelity, and high standards of conduct;
- Deal openly with and fully disclose to the Company any situations that may relate to this policy;
- Not exploit personal monetary gain in conflict with the interest of the Company;
- Not exploit your position with the Company by converting to your own use money and other things of value, which lawfully belong to the Company; and
- Report mistakes or delays in processing work immediately, so corrective actions may be taken.

Examples of disclosable activities

While it is impossible to list every circumstance giving rise to possible conflicts of interest, the following are examples of the types of activities that could cause conflicts and should be fully disclosed to Human Resources as directed in this policy.

- Holding by an individual, directly or indirectly, of a material financial interest (5% or more) in any outside concern from which the Company **purchases** goods or services or who is a competitor of the Company.
- Lending money to or borrowing money from any outside concern that does business with or competes with the Company, except companies and other financial institutions in the ordinary course of that business.
- Using your position with the Company to obtain any personal benefit from the Company's clients, associates, or any enterprise that has provided services or products to the Company – see "Gifts" Section below for further details.
- Competing with the Company, directly or indirectly, in the purchase or sale of services, property, or property rights or interest.
- Representing the Company in any transaction in which you or a member of your family has a material financial interest.

- Speculating or dealing in materials, equipment, supplies, products, services, or outside concerns purchased or sold by the Company or for which negotiations to purchase or sell are pending, under consideration or can be reasonably anticipated until the Company's decision has been completely executed and announced publicly.
- Serving as an officer, director, associate or consultant for, or receiving income from any outside concern that does business with the Company, competes with the Company, or is seeking to do so.
- Providing directive, managerial, or consultative services to any outside concern that does business with or is a competitor of the Company.
- Participating in any activity if it is likely to involve use of your time during normal business hours or if it is likely to or possibly could result in unfavorable publicity for the Company.
- Discovering, disclosing or using confidential Company information or information of a client for any purpose unless it is required to carry out the Company's legitimate business activities.
- Obtaining or using Company funds for payment of personal expenses.
- Accepting compensation from outsiders for services or products for which the Company is paying you.

Community & Political Activities

The Company encourages the contribution of time to civic, charitable, educational and fraternal organizations. It not only benefits the communities in which we live, but also in many cases contributes substantially to the Company's good public image.

In all cases, officers and associates participating in political or civic activities—such as political party assignments, working for an individual running for office, running for an elective office or accepting an appointive office-- should do so on the associate's own time.

Prior to announcing any candidacy or accepting any appointment involving a significant commitment during normal business hours, an officer or associate should inform their manager of this intention, so that a determination may be made whether this elective or appointed office would interfere with Company responsibilities. In such cases, approval of the Chief Human Resource Executive is required before accepting an appointive office or running for elective office. In addition, holding such positions may raise questions of conflict of interest.

There is no intention to limit those outside activities which are in good taste and do not impair the officer or associate's ability to perform properly and ethically for the Company. The intent is to assure that the extent of any associate's involvement with a political or community activity is previously discussed with management.

Gifts

Giving or accepting anything of value in return for any business services or confidential information of the Company is prohibited by the Federal Bank Bribery laws. There are a number of instances where you, without risk of corruption or breach of trust, may accept something of value from one doing or seeking to do business with the Company. The business luncheon or the special occasion gift from a customer is permitted. In addition, it is permissible to accept such a gift if acceptance is based on family or personal relationship existing independent of any business of the Company; if the benefit is available to the general public under the same conditions on which it is available to you; or if the benefit would be paid for by the Company as a reasonable business expense if not paid by a third party.

If you should receive a gift beyond the authorized examples above, you should fully disclose all the facts of the gift to the Chief Legal Executive. The Legal Department will review the disclosures and determine whether what is accepted is reasonable and does not pose a conflict of interest to the Company. If the Company becomes aware of any violation of this policy that has not been fully disclosed in writing with the proposed action to correct it, where appropriate, disciplinary action will be instituted and may subject you to termination and possibly legal action including monetary fines and imprisonment.

Outside employment

Associates may not accept outside employment with the Company's vendors, clients or competitors without prior written management approval. We believe that such an employment relationship could put our associates in a compromising situation. Our intent in this policy is not to restrict your livelihood or impose on your personal life, but to protect the Company's interests and to assist the associate in avoiding any appearance of impropriety.

Implementation and disclosure

The Company expects all associates to strictly comply with and abide by this Code of Conduct and Business Ethics. A violation will result in disciplinary action up to and including termination. If you are presently in a situation that could be deemed a violation of this policy, you should discuss it with Human Resources. If it is determined that a violation exists, immediate steps should be taken to correct the situation as soon as possible.

If the Company becomes aware of any violation of this policy that has not been fully disclosed in writing with the proposed action to correct it, where appropriate, disciplinary action will be instituted.

Acknowledgement of this Code of Conduct and Business Ethics is a condition of employment. For associates, any questions concerning this Code of Conduct and Business Ethics should be discussed with your supervisor, manager or Human Resources.

There may be times when you have ethical concerns regarding actions taken or decisions made by other people in the organization. Such concerns should be referred to your supervisor, manager or Human Resources. You may also report these concerns on a confidential and anonymous basis using a new tool called MySafeWorkplace, which allows incidents to be reported to a third-party via the Web at MySafeWorkplace.com or by calling 1-800-461-9330. Incidents can be reported 24 hours a day, seven days a week, and you can choose to remain completely anonymous. MySafeWorkplace owns and manages the site and hotline. When you log on or call, make sure you state that you are a NetBank, Inc. associate.

For directors, any concerns regarding this Code of Conduct and Business Ethics should be addressed to the Corporate Governance Committee. All investigations of violations of this Code of Conduct and Business Ethics will be coordinated by the Chief Human Resources Executive, the Chief Risk Executive, the Chief Legal Executive or the Corporate Governance Committee of the Board of Directors, as applicable. The Company may engage independent counsel or agents if the Board of Directors or Chief Executive Officer deems such engagement to be warranted. Associates and directors are expected to cooperate fully in the investigation of any alleged violation of this Code of Conduct and Business Ethics or related Company policies or procedures.

No person reporting a violation or suspected violation will be subject to retaliation if he or she has reported such violation in good faith. Any associate or director of the Company who attempts or is responsible for reprisals against individuals who in good faith report known or suspected violations will be subject to disciplinary action. On the other hand, the submission of a report known to be false constitutes a violation of this Code and will also result in disciplinary action.

Confidential Information & Trade Secrets

Confidential Information

“Confidential information” means any and all confidential information about the Company or any of its subsidiaries that is not generally known to the public. This information about the Company’s business or the

Company's financial affairs may include, but is not limited to:

- Company financial data
- marketing/sales information
- client payment information
- client or personal information
- client lists
- training and operations material and memoranda
- personnel records
- computer code
- trade secrets
- pricing information
- confidential information received from partners and vendors

All associates should be aware that information has value, and a leak of confidential information could harm a client, benefit a competitor or result in negative publicity.

Certain positions identified by Management & Human Resources may be required to sign Non-Compete Agreements in addition to the Confidentiality Information & Trade Secrets Policy. These agreements address your responsibilities regarding confidential information and trade secrets. If you have any questions about this agreement or how it may affect you, speak with your supervisor, manager or Human Resources.

Associates who leave employment with the Company are expected to recognize and uphold the confidential and proprietary nature of information concerning the Company and our customers, and to comply with their obligations under the Agreement after they leave the Company.

Provisions Applicable to Financial Personnel

The provisions in this section apply to the Chief Executive Officer, Chief Financial Officer, Controller and all financial personnel employed by the Company ("Financial Personnel") and are designed to promote the full, fair, accurate, timely, and understandable disclosure in reports and documents that the Company files with, or submits to, the Securities and Exchange Commission and in other public communications made by the Company.

1. All Financial Personnel are responsible for maintaining accurate financial records for the Company.

Financial Personnel must adhere to the following accounting guidelines:

(i) All assets, liabilities and transactions should be accurately recorded in accordance with the Company's record keeping procedures and generally accepted accounting principles;

(ii) No false or misleading entries are permitted to be knowingly made or caused to be made in the Company's record books, even if such entries would not be material to the Company or its operations as a whole; and

(iii) Any irregularities or material errors in such entries should be promptly reported to a member of the Audit Committee for immediate corrective action.

2. In preparing periodic reports that are to be filed with the Securities and Exchange Commission, Financial Personnel should take all steps necessary to ensure full, fair, accurate, timely and complete disclosure.

(i) *Go Beyond the Minimum Disclosure Required by Law.* While in the past periodic reporting has focused on disclosing only those items that were mandated by the law, Financial Personnel should go beyond the minimum requirements to convey the full financial picture of the Company to the public. Areas of special attention include: off-balance sheet structures, insider and affiliated party transactions, board relationships, accounting policies, and auditor relationships.

(ii) *Make Sure All Relationships that Could Give Rise to Any Perceived Conflicts are Fully Disclosed.* Given the recent focus of lawmakers on a more complete disclosure of any material conflict of interest to the public, it is important to ensure that any transaction that threatens to create the appearance of a conflict of interest must be fully disclosed in the Company's periodic reports.

(iii) *Use the MD&A Section to Paint a Complete Picture of the Company's Financial Condition.* A well-written MD&A analysis should be used in order to explain fully all of the key factors, risks and assumptions that support the Company's business model. While the analysis is far from being an exact science, the MD&A analysis should be used to appraise fully and accurately the investors of the Company's financial condition.

(iv) *Use Plain English.* Even though the "plain English" rules presently do not apply to periodic reports on Forms 10-K and 10-Q, the basic requirements, such as the use of active voice and avoidance of unnecessarily legalistic language, should nonetheless be utilized in discussions of the Company's financial condition. Over the years, accounting rules have grown increasingly complex, and simple economic facts are often obscured with the use of complicated legal or technical terminology. Financial Personnel should strive to present their analysis of the Company's financial condition in such a way that average investors could reasonably be expected to understand the importance of the information contained in the periodic reports.

(v) *Seek Guidance from the Audit Committee.* With an increased emphasis on a better conformity with accounting standards, Financial Personnel should maintain a constant working relationship with the Audit Committee to ensure that accounting standards are being applied uniformly and that the Company's disclosure is supported by sound judgment and analysis.

(vi) *Provide Management with Ample Time to Review and Comment on Disclosure Documents.* In an effort to meet periodic reporting deadlines, the Company's management is often not provided with an adequate opportunity to review each disclosure document and to assess its completeness and accuracy. Financial Personnel should focus on completing the financial disclosure in periodic reports in sufficient time to allow adequate review by management and auditors, taking into account the applicable filing deadlines.