

# WESTERN SIERRA BANCORP CODE OF CORPORATE CONDUCT

## Letter from the Chairman and Chief Executive Officer

We have prepared this Code of Corporate Conduct to help you understand Western Sierra Bancorp's standards of ethical business practice. This Code applies not only to all employees, officers and directors of the Western Sierra Bancorp and its subsidiaries (the Company), but also to all consultants, agents and other representatives retained by the Company.

The principles set forth in this Code describe how we should behave. The Company will conduct their respective operations consistent with the highest business, legal and ethical considerations. *Compliance with these principles is mandatory.* Personal responsibility is at the core of our principles and culture. *We expect everyone associated with the Company not only to know right from wrong, but also to always choose right over wrong.* In every business decision we make, we must follow the ethics and compliance principles set forth in this booklet. It is also our responsibility to report anything we observe or know about that might violate these principles.

No Code could ever anticipate every ethical decision we may face in business. So whenever you are in doubt about any matter that may have ethical implications, you should seek guidance within the Company. This Code identifies the channels and procedures that we have established to help answer your questions.

Violation of this Code is a serious matter and could subject you or the Company to termination of employment for cause, civil liability or even criminal prosecution. It is important that you read this Code carefully and ask questions about anything you do not understand, and then sign the last page of this Code to acknowledge that you have read the Code and agree to comply with it. Each of us must understand and accept our personal responsibility in preserving and enhancing the Company's reputation for integrity. I know you and your colleagues will take pride that you work for and support a Company that makes a conscientious and dedicated effort in always doing the right thing.

Charles Bacchi  
Chairman of the Board

Gary D. Gall  
Chief Executive Officer

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**WESTERN SIERRA BANCORP  
AND AFFILIATES**

**(Rev July 2005)**

**CODE OF PERSONAL AND BUSINESS CONDUCT**

**GENERAL POLICY STATEMENT**

It is the policy of Western Sierra Bancorp and its affiliates (the Company) to conduct its business in accordance with the highest ethical standards in order to merit and maintain the complete confidence and trust of its customers and the public in general. Staff members must conduct their personal affairs and manage their business transactions in a manner which does not result in adverse comments or criticism from the public, or in any way damage the Company's reputation as a responsible financial services organization. This policy addressed both business and social relationships that may present legal and ethical concerns and also sets forth a code of conduct to guide staff members. The term "staff member" refers to all officers and employees of the Bank.

At Western Sierra Bancorp, we are committed to always doing the right thing. That is why we have an ethics and compliance program and why we publish this Code. The Code is specifically designed to be part of an effective program to prevent and detect violations of law as set forth in the Organizational Sentencing Guidelines of the U.S. Sentencing Commission. Before you review specific principles, you should have a general sense of the Company's basic principles reflected in this Code. These principles are:

- 1) We will always be truthful.
- 2) We will strictly adhere to the letter and spirit of all laws.
- 3) We will provide high-quality products and services.
- 4) We will be a good corporate citizen. We will obey the laws and conform to accepted standards of good corporate citizenship.
- 5) We will promote and sustain a work environment that fosters mutual respect, openness and individual integrity.
- 6) We will be fair in all aspects of business.

When faced with a business decision that seems to have ethical overtones, here are some questions you should ask yourself to determine if your actions are proper:

- 1) Am I adhering to the spirit, as well as the letter, of any law or Company policy that may be involved?
- 2) Would there be any direct or indirect negative consequences for the Company?
- 3) Are my actions consistent with the overall values set forth in this Code?

#### **REPORTING BREACHES TO THIS CODE:**

The Company will not permit retaliation against any employee for reports of breaches of this code of conduct made in good faith. It is the responsibility of all staff members to raise concerns about behavior that may violate the Code of Conduct, or any laws or regulations. We have established an EthicsPoint for staff members to call or access online to report such violations. These reports can be made anonymously and the reports will be kept confidential [The telephone number and Internet address are provided to staff members in their *Code of Personal and Business Conduct*]. The Audit Committee of Western Sierra Bancorp will oversee the investigations of concerns raised about accounting, internal accounting controls and auditing matters.. You may also discuss concerns regarding human resource issues, if the issue had not been resolved after discussions with direct supervisors, with the Director of Human Resources.

#### **APPROVALS AND WAIVERS:**

Whenever this code requires an approval with respect to the Company's CEO or CFO, that approval must be granted by the Audit Committee. Any waiver of a code requirement for an executive officer or a director must be approved by the full board of directors and must be disclosed in the Company's next periodic public filing.

#### **ACCURACY OF RECORDS:**

We rely on our employees to maintain accurate books and records to efficiently manage our business. As in all other aspects of our business, we expect our employees to adhere to the highest standards of honesty. At the Company, we do not engage in inaccurate, false or misleading record keeping. If you are ever tempted or asked to make a representation, either in a document or in oral communication, that is other than fully accurate, do not do it. This applies to each and every detail of our business. It applies even in circumstances where one might believe that the consequences of the inaccuracy would be harmless.

The funds or assets of the Company will be utilized solely for a lawful and proper purpose, no transfer or expenditure of such funds or assets will be undertaken unless the stated purpose is, in fact, the actual purpose, and the transfer or expenditure is authorized in writing and within the Company's policy. No undisclosed or unrecorded fund or asset of the Company shall be established for any purpose.

No false or artificial entries shall be made in the books and records of the Company for any reason, and no employee shall engage in any arrangement that results in such a prohibited act.

It is also the Company's policy that no employee shall take or approve actions that result in incurring, or paying, the cost of anything from corporate funds if such an expenditure, when properly and accurately reported, is not authorized or not reimbursable to the employee under the Company's rules.

Questions regarding the accuracy of financial records should be addressed to the Company's Chief Financial Officer. If you believe that the accuracy of financial records are being in question, you should address those issues with the Company's Chief Financial Officer, unless

you prefer to communicate those issues with the Chairman of the Audit Committee or the Risk Manager of the Company.

The Chief Executive Officer of the Company, along with the senior financial officers of the Company, are also required under the Sarbanes-Oxley Act to comply with an additional code of ethics entitled *Code of Ethics for Senior Financial Officers* which is posted on the Company's website.

**DEFINITION OF A SUPPLIER OR VENDOR:**

A supplier or vendor is any business that furnishes, or is in a position to furnish, materials, equipment, supplies or services of any kind to the Company or any of its subsidiaries. Services include, but are not limited to, banking, insurance, advertising, transportation, construction, auditing, engineering, consulting, testing and legal counsel.

**BUSINESS COURTESIES – ACCEPTANCE OF GIFTS:**

Staff members and their immediate families shall not solicit, accept or retain a benefit for themselves, or for any third party, from any customer of the Company, any individual or organization doing or seeking to do business with the Company, or from any other individual or organization based on a banking relationship other than normal authorized compensation, with the intent to be influenced or rewarded in connection with any business or transaction of the Company. In this context, a benefit is regarded as any type of gift, gratuity, favor, service, loan, legacy (except from a relative), fee or compensation, or anything of monetary value.

In certain situations, the exchange of limited, non-cash business courtesies may be appropriate. We do not seek, however, to improperly influence the decisions of our customers or vendors by offering business courtesies, just as we require that the decisions of employees at the Company not be affected by having received a business courtesy. There are very stringent rules that apply to our government customers, with whom, in many cases, any business courtesy is absolutely prohibited.

**BANK BRIBERY STATUTE:**

In addition, each of the subsidiary banks is subject to the Bank Bribery Statute (18 U.S.C. 215) and the FDIC Statement of Policy on Guidelines for Compliance with the Bank Bribery Statute. The general rule is:

Anyone who corruptly gives, offers, or promises anything of value with intent to influence or reward an officer, director, employee, agent or attorney of a financial institution in connection with any business or transaction or any bank official who receives or corruptly solicits such things of value would violate this statute.

**GOVERNMENT BUSINESS:**

The U.S. government has a number of laws and regulations regarding offering business courtesies to government official. State and local governments may have similar rules. These rules are complex and frequently change. Sometimes there are differences between applicable foreign and U.S. laws. The Compliance Department can provide guidance in this area. Do not offer anything of value - including gifts (even token gifts or Company-identified items), food or beverages (except limited on-site food and beverages, such as coffee and donuts), restaurant meals, special favors, payments, gratuities, transportation, lodging or services to any U.S. federal, state or local employee. For purposes of this rule, members of Congress and their staffs are considered U.S. federal government employees. Prior approval for giving anything of value to a member of Congress or staff member must be provided by the Chairman of the Company's Corporate Governance Committee. You must immediately report any offer of a fee or kickback to the Risk Manager. Asking for or accepting a fee or kickback may be a criminal act.

#### **POLITICAL CONTRIBUTIONS:**

It is the policy of the Company to strictly comply with all applicable federal and state political campaign laws.

Under federal law, a national bank is prohibited from making a contribution or expenditure in connection with any federal or state election to any political office, or in connection with any primary election or political convention or caucus held to select candidates for political office. Other corporations are prohibited from making any contribution or expenditure in connection with any federal election or campaign.

In accordance with federal law, no staff member shall make any direct or indirect contribution of funds or other property of the Company in connection with the election of a candidate to any federal office [or in the case of a national bank to any political office]. For these purposes, use of the corporate facilities and equipment for political activities is deemed to be a contribution.

Loans to a candidate for political office or to a political committee are not prohibited so long as the loan is made in the ordinary course of business and meets the Company's usual credit criteria and approval procedures for the particular type of loan.

The Company's policy regarding corporate political contributions is not intended to discourage staff members from making personal contributions to candidates or political parties of their choice.

#### **POLITICAL ACTIVITIES:**

The Company is firmly committed to following all federal, state and local laws that govern elections and campaign contributions in the U.S. The Company does not discourage its employees from appropriate involvement in the political process that reflects individual beliefs and commitments. However, unless pursuant to a Company-managed grassroots initiative involving issues of importance to Company, any political activity must take place on an employee's own time. The resources and reputation of the Company cannot be used for any political activities unless specifically permitted by law and approved by the Company's Chief Executive Officer.

## Specific Guidelines

- 1) Do not allow your status as an employee to be used in support of a particular candidate or issue. An employee cannot act as a representative of the Company regarding political issues without specific approval from the Company's Human Resources Officer and the Chief Executive Officer.
- 2) Employees must not pressure, either directly or indirectly, other employees to make political contributions or to participate in support of a political party, issue or candidate. An employee cannot act as a representative of the Company regarding political issues without specific approval from the Company's outside legal counsel.
- 3) Corporate funds or assets cannot be used to support a political party, an elected official, or the campaign of any candidate for local, state or federal elected office. Also, you should advise the Chief Executive Officer of any planned visits to a Company facility by an elected official, political party member or candidate for elected office.
- 4) Non-U.S. citizens (unless they are Green Card holders) are not permitted to contribute to U.S. political candidates, elected officials, parties or campaigns. If you have any questions or need guidance, contact the Human Resources Department.
- 5) The Company encourages its managers and executives to develop appropriate working relationships with members of Congress and their staffs, particularly those who represent localities in which the Company has facilities. It is essential, however, to inform the Company's Chief Executive Officer of any proposed visits that take place either in Washington, D.C. or in the local district. The Company's Chief Executive Officer must also be advised of any written submissions or other significant contacts with federal legislators or their staffs. Other government related activities, including communications with offices of federal government departments, either regional or in Washington, D.C., as well as contacts with high-ranking state officials (such as governors), should also be coordinated with the Company's Chief Executive Office.
- 6) The Company's Chief Executive Officer must be informed of any request to testify on behalf of the Company before any federal, state, local or other regulatory or legislative body.

### **COMPUTER SOFTWARE AND E-MAIL:**

Copyrights protect most computer programs. Our policy is to respect such copyrights and to strictly adhere to all relevant laws and regulations regarding the use and copying of computer software. Therefore, do not make copies of any part of a third-party computer program unless the copy is an authorized back-up copy or the computer software license specifically permits the copy to be made. If you are uncertain about this, you should consult with the Company's Information Technology Department. If you are engaged in writing computer programs, do not copy or refer to any lines of code written by a third party without the advice of the Company's outside counsel or the written consent of the third party. If you need to use the Company's software on your home computer, you will need to consult with the Company's Information Technology Department about how to get a copy for your home computer. While some software

makers pursuant to their software license allow a user to also use a copy of the software at home, this is not always the case, and must be determined on a case-by-case basis.

Do not install or download any software of any kind to your business computer unless authorized by the Company's Information Technology Department. Violation of these rules of conduct regarding software will result in discipline including termination of employment for cause and may also subject you to personal fines and penalties.

E-mail systems are not entirely secure and may be susceptible to interception. Unlike a spoken conversation, e-mail creates a permanent record. Any e-mail you send may be printed by the recipient and forwarded by the recipient to others, and is probably retained on company computers for a substantial period of time. Therefore, the Company's employees should exercise the same care, caution and etiquette in sending an e-mail message as they would in normal written business communications.

Make sure your Company e-mail is professional and appropriate to the circumstances. Specifically, the Company will not tolerate abusive, obscene, offensive or profane e-mail. If you receive a pornographic or offensive email, you are to delete it immediately without forwarding it or saving it. In addition, because the e-mail system is a Company resource, the Company may, in certain circumstances, have a need to examine and, therefore, reserves the right to read all e-mail communications. Do not use Company e-mail for personal gain. Violation of this policy on e-mail use may result in your termination for cause. Avoid all other personal e-mail uses to the minimum possible.

Anyone who has been provided a connection to the Internet is provided such connection primarily for business use. Do not download any data that is not in the public domain or that is unprofessional, inflammatory or inappropriate for business use. Employees should not abuse access to the Internet for personal purposes. Corporate computer systems are increasingly capable of reviewing all Internet activity. The Company may randomly conduct such a review, and evidence of abuse of Company-provided Internet facilities may result in termination of the Internet connection and disciplinary action including termination of employment for cause.

#### **CONFLICTS OF INTEREST:**

A conflict of interest is defined as a staff member's involvement in outside interest, which might either, conflict with the staff member's duty to the Company, or adversely affects the staff member's judgment in the performance of his or her responsibilities.

A conflict of interest occurs when personal interests interfere with your ability to exercise your judgment objectively, or to do your job in a way that is certain to be in the best interests of the Company. Employees, consultants, agents and representatives must avoid actual or potential conflicts of interest.

It is the Company's policy that staff members do not engage in personal conduct that will conflict with the interests of the Company. All staff members are required to seek approval of the activity in advance from his or her supervisor or from the Company's Human Resources Officer. All staff members are required to disclose any potential conflict of interest, including one in which they have been inadvertently placed as a result of a business or personal

relationship with a customer, supplier, business associate or competitor of the Company, on the Company's form, *Disclosure of Potential Conflict of Interest*. This form is submitted to the staff member's supervisor, who will review the situation and instruct the staff member as to the appropriate action. Contemporaneous written records of all such disclosures are retained by the Company.

#### Examples of Potential Conflicts Involving Employees

- 1) Contracting with a supplier managed by a close friend or family member.
- 2) Working independently as a consultant to a supplier or customer.
- 3) Having a private business on your own time if you perform work that is similar to work that you perform at the Company or that the Company might be interested in performing.

#### **OUTSIDE ACTIVITIES:**

The Company discourages staff members from holding outside employment. In those instances where it is justified, written approval from the Human Resources Department for staff to hold outside employment will be required. No outside employment or activity will be approved which might subject the Company to criticism or which will encroach upon regular working hours, interfere with regular duties, or necessitate such long hours as to affect the member's productivity.

Individual participation in civic activities is encouraged by the Company. Normally, voluntary efforts must take place outside of regular business hours. If voluntary efforts require business time, prior approval should be obtained by the staff member. The Company encourages participation in activities that will support the Company's commitment to the Community Reinvestment Act (CRA). Activities geared towards community redevelopment requiring staff's time during normal business hours will need to be reviewed by the CRA Officer and the Human Resources Officer, but will generally be approved.

Staff members are not to act, without prior written approval of management, as executor, administrator, trustee, guardian or conservator, or in any other fiduciary capacity, whether or not it is related to the business of the Company. Staff members should not sign on customer's accounts, act as deputy or co-renter of customer's safe deposit boxes, or otherwise represent customers. This does not include customers related to the staff member by blood or marriage. Approval, except in unusual cases, will normally be granted to act as fiduciary for a family member.

#### **PERSONAL FINANCES:**

Personal finances should be managed in a manner consistent with employment in a financial institution. Staff members and their immediate families should borrow only from reputable organizations that regularly lend money and such borrowings must carry the prevailing rate of interest and not involve favored treatment of any kind. Borrowing from relatives is not subject to restriction. Staff members are not permitted to borrow money from their co-workers, but should discuss any financial emergency with the Human Resources Department.

While the Company does not intend to unreasonably limit staff members in their personal investment activities, it is Company policy that no staff member enter into investment transactions which would create, or give the appearance of creating, a conflict of interest between the staff member and the Company or between the Company and any customer.

**LENDING PRACTICES:**

It is the policy of the Company to maintain prudent lending services to adequately supply the credit needs of its customers. Any rate concessions shall be based solely upon a borrower's creditworthiness and overall business relationship with the Company.

Staff members are not in any way to represent or exercise authority on behalf of the Company, grant direct or indirect accommodations or make credit recommendations with respect to: members of their families; any individual or organization to which the staff member or his or her immediate family is indebted; or any organization to which the staff member, or his or her immediate family, is associated or in which a material financial interest is held.

Federal law prohibits any director, officer or employee of a bank from granting any loan or gratuity to any public bank examiner or assistant bank examiner, who examines the director's, officer's or employee's bank or has authority to examine the bank.

**GIVING ADVICE TO CUSTOMERS:**

Staff members may occasionally be asked by customers to comment upon the legality of a particular transaction. Since the Company cannot practice law or give legal or tax advice, staff member must exercise care in discussing transactions with customer and nothing should be said that might be interpreted as the giving of legal or tax advice.

**CORPORATE OPPORTUNITIES:**

Employees, officers and directors owe a duty to the Company to advance its legitimate interest when the opportunity to do so arises. Employees, officers and directors are prohibited from (a) taking for themselves personal opportunities that are discovered through the use of corporate property, information or position; (b) using corporate property, information or position for personal gain; and (c) competing with the Company without the prior consent of the Board of Directors.

**CONSULTANTS:**

All consultants shall be approved by the Company's Chief Executive Officer (except for consultants earning more or expected to earn more than \$50,000 per year, in which case the consultant is to be approved by the Company's Executive Committee, and consulting agreements shall be controlled to protect the Company's confidential information. No consultant may be retained to perform work for the Company without a formal written agreement prepared or reviewed by the Chief Executive Officer or by the Company's outside legal counsel. These agreements must contain a detailed statement of work, a clear description of all amounts to be

paid, and provide specific provisions covering compliance with the Company's conflicts of interest policy, confidentiality obligations and ownership of intellectual property.

Unless specifically approved by the Company's Executive Committee all payments for services or products must be paid in the name of the consultant, agent or representative named as a party on the agreement and paid in the location where the services are performed. All consultants must be informed about and agree to follow this Code of Corporate Conduct with respect to activities that affect the Company's businesses, employees or capital and securities markets.

#### **DRUG AND ALCOHOL POLICY AND EMPLOYEE ASSISTANCE PROGRAMS:**

To remain competitive in today's business environment, it is essential that we make the best decisions. We expect that all our employees' judgments will be clear and unimpaired by drugs or alcohol.

##### Specific Guidelines

- 1) Company personnel and consultants shall not distribute, possess or use illegal or unauthorized drugs or alcohol on the Company's property, on the Company's time, in connection with the Company's business or in a manner that may affect performance of the Company's responsibilities.
- 2) Company personnel and consultants whose behavior, judgment or performance is impaired by drugs or alcohol are prohibited from entering the Company premises or engaging in the Company's business. Violations of this policy are serious and will result in appropriate discipline, including possible termination.
- 3) Employee Assistance Programs (EAPs) are available to help employees with behavioral or medical problems that adversely affect job performance. Contact the Human Resources Department for additional information.

#### **EMPLOYMENT AND COMPENSATION OF CLOSELY RELATED PERSONS:**

All employees are expected to conduct business according to the highest ethical standards of conduct and to devote their best efforts to the interest of the Company. In reflection of this policy, the Company permits the employment of qualified relatives of employees as long as such employment does not, in the Company's opinion, create actual or perceived conflicts of interest. For purposes of this policy, *relative* is defined as a spouse, partner, child, parent, sibling, grandparent, grandchild, aunt, uncle, first cousin, or corresponding in-law or step relation. The Company will exercise sound business judgment in the placement of related employees according to the following guidelines:

Individuals who are related by blood or marriage are permitted to work in the same facility, provided no direct reporting or supervisor/management relationship exists. In order to avoid the influence of responsibilities, salary, or career progress, no employee is permitted to work within the chain of command of a relative.

No relatives are permitted to work in the same department or in any other positions in which the Company believes an inherent conflict of interest may exist.

Employees who marry while employed are treated in accordance with these guidelines. If, in the Company's opinion, a conflict or an apparent conflict arises as a result of the marriage, attempts will be made to find a suitable position within the Company to which one of the employees will transfer. If accommodations are not available, one employee must resign. If the employees cannot make a decision, the Company will decide in its sole discretion which employee will remain employed.

This policy applies to all categories of employment at the Company including regular, temporary, and part-time classifications.

The compensation, changes in compensation or title, stock option or bonus awards and expense reimbursement (for monthly expenses in excess of \$500) of the lower ranked related employee shall be made upon the recommendation of the department head of the department of such employee and approved by the Company's Compensation Committee.

### ***Romantic Relationships***

The Company recognizes that consenting romantic relationships between a supervisor/manager and an employee may, at some point, lead to unhappy complications and significant difficulties for the employee, the supervisor/ manager, and the Company. Therefore, any such relationship may be contrary to the best interests of the Company.

Accordingly, the Company strongly discourages such relationships and any conduct that is designed or may reasonably be expected to lead to the formation of a romantic relationship. Meanwhile, the Company does not intend to inhibit the social interactions that are or should be an important part of the working environment. Supervisors/managers may not use this policy to justify their refusal to engage in social interaction with their employees.

If a romantic relationship develops between a supervisor/manager, it is the responsibility and mandatory obligation of the supervisor/manager to promptly disclose the existence of the relationship to a member of Senior Management. Upon notification, Senior Management will take all of the necessary steps that it deems necessary, at its discretion.

### **FRAUDS AND THEFTS:**

It is the Company's policy to ensure that incidents of fraud and theft relating to the Company are promptly investigated, reported and, where appropriate, prosecuted.

Any suspected incident should be immediately reported to the Chief Financial Officer or the Company's Risk Manager. The Audit Committee will review the incident and advise regarding prosecution, if appropriate. No one may sign a Suspicious Activity Report or criminal complaint on behalf of the Company without prior approval of the Company's Chief Executive Officer, Chief Financial Officer, or Audit Committee. The Company's Chief Executive Officer, Chief Financial Officer and Audit Committee also have jurisdiction over related personnel actions and

civil litigation. To report an incident, please contact the Company's Chief Financial Officer or Risk Manager.

**EQUAL OPPORTUNITY:**

It is the Company's policy to ensure equal employment and advancement opportunity for all qualified individuals without distinction or discrimination because of race, color, national origin, religion, age, ancestry, sex, sexual orientation, gender identity, genetics, marital status, mental or physical disability, or status as a Vietnam-era or special disabled veteran in accordance with applicable federal and state laws.

This policy applies to all employees and applicants for employment and to all aspects of the employment relationship, including recruitment, hiring, compensation, benefits, training, transfer, and any other terms and conditions of employment. Equal employment opportunity principles must be communicated periodically to all employees and reaffirmed each year.

Your Human Resources Department is responsible for implementing our equal opportunity policy. You can address any concerns regarding any potential violations of this policy to the Company's Human Resources Officer, Chief Executive Officer or the Chairman of the Company's Audit Committee.

**PUBLIC STATEMENTS:**

Generally, employees must refrain from making public statements regarding issues or matters about which they are not authorized spokespersons. If an employee is contacted by the media about a Company matter, the employee should refer the media contact to the Company's Chief Executive Officer.

**SECURITIES – INSIDER TRADING:**

Our employees may have the opportunity to learn or gain access to information about the Company or companies with whom we do business that is unavailable to the public. Such information may be insider information within the meaning of U.S. federal securities law. Consultants and other persons we hire to perform services for the Company may also learn or gain access to inside information. The U.S. federal securities laws apply to those persons as well if inside information is used to make investment decisions.

Our employees are prohibited from using any such inside information when they make personal investment decisions or investment decisions for others regarding our stock or the stock of companies with whom we do business. In addition, no employee may communicate such information to others unless such communication is required for internal Company business. This includes communications with family and friends. If you have any questions regarding compliance with these laws and principles, please contact the Company's Chief Financial Officer immediately.

**SEXUAL HARASSMENT:**

The Company will not tolerate sexual harassment, which involves the solicitation of sexual favors or the initiation of any unwelcome sexual advance by one employee toward another. It may also involve other sexually related physical or verbal conduct. The creation of a work environment that is hostile, intimidating or offensive to an individual or group because of gender may also constitute sexual harassment.

Men and women throughout the Company should treat one another with courtesy, dignity and respect, regardless of gender. All employees should recognize that there has been rapid social change as to appropriate conduct in the workplace, and workplace behavior should always reflect our principles of courtesy, dignity and respect.

The Company's managers, supervisors and executives must be alert to the possible presence of sexual harassment in the workplace. Appropriate steps must be taken to prevent sexual harassment. Complaints about sexual harassment can be made to your supervisor, the Company's Human Resources Officer or the Chairman of the Company's Audit Committee, or anyone else in management. Any complaints must be promptly, fairly and thoroughly investigated. There will be no retaliation for truthfully reporting sexual harassment or participating in Company's investigation of a complaint.

If sexual harassment occurs, there will be a prompt disciplinary consequence ranging from a warning to dismissal.

#### **WORKPLACE VIOLENCE:**

Employees should have a safe place in which to work. Workplace violence, including threats, threatening behavior, harassment, intimidation, assaults and similar conduct, will not be tolerated. Any threats or concerns about your safety or the safety of others should be immediately reported to your supervisor or the Human Resources Department or the Company's Audit Committee Chairman. Firearms are not permitted on any Company facility without prior written approval from Company's CEO and Human Resources Department

#### **CONFIDENTIAL INFORMATION:**

Confidential Company information and trade secrets are important corporate assets that merit the same protection as our physical assets. All employees, agents, consultants and representatives must be careful not to disclose such information to unauthorized persons, either within or outside the Company, and must exercise care to protect the confidentiality of such information received from another party.

Confidential information refers to information that is not already in the public domain that a company would normally expect to be non-public and that might affect the company's competitive position. It includes information sometimes referred to as trade secrets.

Some examples of confidential information are:

- 1) Technical information about current or planned products and/or services.

- 2) Undisclosed mergers, acquisitions, branch openings and closings and other significant business transactions.
- 3) Cost, pricing, marketing or service strategies.
- 4) Nonpublic earnings reports and other financial reports.
- 5) Information related customer lists, vendor lists and other nonpublic information.

### Specific Guidelines

- 1) Employees, consultants, agents and representatives must be careful about where they discuss Company matters. It is inappropriate to discuss confidential matters in the presence or within hearing range of unauthorized persons. Use care, since even family and friends may inadvertently convey such confidential information to others.
- 2) In instances where it is appropriate for business reasons to disclose the Company's confidential information to third parties, the Company's Chief Financial Officer or outside legal counsel must be contacted before the disclosure for preparation of an appropriate agreement that includes the necessary safeguards.
- 3) No employee, consultant, agent or representative shall disclose or use any confidential information gained during employment or any other Company relationship for personal profit or to the advantage of the employee or any other person.
- 4) Obtaining confidential information from a third party without adequate legal safeguards is improper and may expose the Company to legal risks. Accordingly, no employee may accept such information without the advice of the Company's Chief Financial Officer or the Company's outside legal counsel and until an agreement in writing has been reached with the offeror. After such information is obtained, its confidentiality must be protected as provided in the agreement.
- 5) No prospective employee shall be hired in order to obtain the person's specific knowledge of a former employer's confidential information, nor shall any new employee be placed in a position that would inevitably require the individual to disclose or use a former employer's confidential information. If you are thinking of offering a job to an executive of a direct competitor, the approval of the Human Resources Officer and the Chief Executive Officer is required before any active negotiations are undertaken.

Concerns with respect to confidential information may arise in the securities area as well. Please make sure to review the Securities section in this Code as well as the Company's Insider Trading Policy regarding confidential corporate information

### **CUSTOMER INFORMATION:**

Safeguarding the confidential personal information of our customers is essential to protect our customers from fraud and identity theft and for maintaining the public's trust. It is the policy of the Company that such confidential information acquired by a staff member through his or her

employment must be held in the strictest confidence. Such information is to be held for Company purposes and not as a basis for personal gain by any staff member.

All staff is expected to maintain the confidentiality of our customers' and former customers' non-public personal information. Under the privacy regulations, non-public personal information is defined as any personally identifiable financial information we may obtain:

- 1) From a consumer in order to obtain a financial product or service
- 2) Resulting from any transaction involving a financial product or service between the Company and the consumer
- 3) From other sources, such as a credit bureau, in connection with providing a financial product or service to a consumer

Examples of non-public personal information, as defined in the Gramm-Leach-Bliley Act, include, but are not limited to a consumer's:

- 1) Name
- 2) Address
- 3) Taxpayer identification number
- 4) Account number
- 5) Account balance
- 6) The fact that the consumer has an account at our bank

This information is not to be disclosed to any third party outside of those with whom we have contracted with to effect, administer, or enforce a transaction that a consumer authorizes or requests. In addition, we may share this information when served with a subpoena or other legal process, or upon the consent of the customer. Information sharing amongst the sister banks is to be limited to transactional information only. No credit reporting information may be shared amongst the sister banks. Credit reporting information relates to the consumers' personal characteristics, mode of living, or creditworthiness. The Company does not engage in any joint marketing arrangements with third parties. The Board of Directors sets the information sharing practices of the Company and no individual within the organization has the authority to enter into any joint marketing arrangements or other information sharing practices. Failure to adhere to the Company's rules regarding customer information sharing may subject the Company to legal and reputation risk, and may subject you to disciplinary action including termination for cause.

#### **PROTECTING CUSTOMER INFORMATION:**

Staff members should be sensitive to the risk of inadvertent disclosure of confidential information resulting from open doors, speakerphones, and cellular phones and when transmitting confidential information by fax or other electronic media. In addition, Staff members should maintain their workspace in such a manner so as to prevent inadvertent disclosure by ensuring that confidential information and computers or access terminals are not left unattended or available for public viewing. All confidential information that is to be discarded must be shredded. All offices are to maintain shredder bins that are locked and

maintained in such a manner so that documents cannot be pulled through the slot. Failure to adhere to the Company's rules for protecting customer information may subject the Company to legal and reputation risk, and may subject you to disciplinary action including termination for cause.

#### **PASSWORD SECURITY:**

As an employee of the Company, you are required to create a password for your access to the systems and networks you need to carry out your job duties. This password must be created to prevent the likelihood that the password may be cracked by someone attempting to hack into our systems. In addition, this password must be held in the strictest confidence. You should not write your password down where it could be found by a third party. Your password must not be shared with co-workers, supervisors or members of the Information System staff. No one within the company, or externally, has authority to request your password from you.

Failure to properly protect your access to the Company's information systems could subject the Company to serious legal and reputation risk, and subject you to disciplinary action including termination for cause.

Failure to properly protect your access to the Company's information systems by not following password guidelines could subject the Company to serious legal and reputation risk, and subject you to disciplinary action including termination for cause.

#### **EMPLOYMENT AND MEDICAL RECORDS:**

Employment records of Company employees can only be disclosed to Company employees having a substantial and legitimate need to know the information in an employee's file or in response to appropriate legal process. Company's employees with access to these files must take reasonable steps to keep them confidential.

Company's employees' medical records are confidential and private. These medical records are kept separate from all other employee records and will not be released to any person unless required by law or based upon a written release from the employee concerned.

#### **ACCESS TO COMPANY PROPERTY:**

In order to assure access at all times to Company property, and because employees may not always be available to produce various documents, records, files or other items in their possession in the ordinary course of business, the Company reserves the right to conduct a routine inspection or search of the Company's premises at any time, without the consent of the employee.

The Company's premises include all locations owned or leased by the Company or under the control of the Company, including office space, parking lots, closets, storage areas and lockers. Company property includes all tangible and intangible personal property of the Company, including, without limitation, all furniture, equipment, file cabinets, computer hardware and software, licenses and copyrights. The foregoing includes all communications and transmissions

of any kind, including all information stored on any hardware, software, electronic disk, voice mail, e-mail and all other electronic communication media.

Routine searches and inspections may include an employee's office, desk, file cabinets, closet, computer files, whether contained on a hard drive or floppy disk, including past and present e-mail communications, and similar places where Company property may be located, whether or not such places are locked.

Employees are prohibited from using the Company's information systems in any way that might be considered disruptive or offensive to others, including customers and vendors. Personal or inappropriate use of the Company's information systems may result in disciplinary action, up to and including termination. Inappropriate transmission includes, but is not limited to, sexually explicit messages, offensive language and ethnic, racial and gender-specific slurs,

**MISCELLANEOUS GUIDELINES FOR CONDUCT:**

The policy of the Company is to require staff members to observe fair and ethical conduct in dealing with the Company competitors. The making of disparaging remarks regarding the Company's competitors is considered to be inappropriate and unethical. The Company's strategy is to emphasize the quality and competence of its staff and services. Staff members are prohibited from involving the Company in arrangements with its competitors, which provide the setting or controlling of rates, prices or marketing policies.

It is the policy of the Company that it does not condition the sale of services to a customer upon the condition that the customer must purchase other services from the Company or upon the condition that the customer is prohibited from dealing with other suppliers of such services.

Staff members are required to fully cooperate with audits conducted by the Company's internal audit staff, external auditing firm, and regulating authorities. Questions raised by the auditors must be responded to honestly and no adverse information may be concealed.