

CHOICE BANK CODE OF ETHICS POLICY

Board Approved: 07/11/06
Last Revision Date: 10/28/08

PURPOSE

The code of conduct reaffirms our basic policies of ethical conduct for directors, executive officers, and associates. The foundation of our code consists of basic standards of business as well as personal conduct:

- Safeguarding of confidential information and records.
- Ensuring the integrity of records
- Providing strong internal controls over assets.
- Providing candor in dealing with auditors, examiners, and legal counsel.
- Avoiding self-dealings and acceptance of gifts or favors.
- Observing applicable laws and regulations.
- Implementing and enforcing of policy components.
- Providing training and acknowledgement of policy.
- Periodic updating of policy to reflect new business activities.

OBJECTIVE

The bank has established this policy to assist its associates in understanding and carrying out this mandate for honesty, integrity, and high standards of conduct:

- A bank's reputation for integrity is its most valuable asset and is determined by the conduct of its associates.
- Each associate must manage his/her personal and business affairs so as to avoid situations that might lead to a conflict or even suspicion of a conflict between self-interest and duty to the bank, its clients, and its shareholders.
- No bank position must ever be used, directly or indirectly, for private gain, to advance personal interests, or to obtain favors or benefits for an associate, a member of his/her family, or any other person.

The terms "associate" or "associates" as used in this policy statement include all directors, officers, associates, attorneys, and agents of the bank. Additionally, "insiders" (directors, officers, associates and principal shareholders) are also subject to the provisions of the bank's Credit Policy. See that document for details.

SAFEGUARDING CONFIDENTIALITY AND INTEGRITY OF INFORMATION AND RECORDS

Confidential Information Concerning the Bank

Except with specific approval by executive management, associates must not divulge any non-public information regarding the bank to any outsider except for a legitimate business purpose and with the

understanding that the information is confidential and must be used solely for the limited business purpose for which it was given and received.

Safeguarding Client Information

Financial and personal information about clients is protected under law and is entitled to the same respect and care as funds or physical property. To protect the privacy rights of its clients, the bank will:

- Collect and maintain only that information which is specifically necessary to serve clients accounts properly and render fair credit judgment.
- Maintain in a secure manner all files and recordkeeping systems which contain Information on clients.
- Divulge no personal or credit information to third parties except with proper client authorization, or pursuant to proper legal process or regulation, or for purposes of extension of credit by other lenders.
- In the event of subpoena or other legal process requiring the organization to disclose client information, the following procedures will be implemented:
 - Notify clients as promptly as possible of the request.
 - Make full use of the maximum legal waiting period before honoring the subpoena or other process, which will give the client the opportunity to take any available legal recourse.
- Refuse to permit inspection of files not directly requested by legal document. Only information specifically required will be released. Access to files not specified will not be permitted.
- All associates with access to such files and information will be instructed about these privacy provisions.

Internally, such information should be utilized only for the business purpose for which it was given and restricted within the bank to those who need to know. Confidential information concerning clients must never be exchanged between associates performing fiduciary or investment management services and those engaged in rendering commercial banking services such as credit. The primary purpose is to prevent trust and investment officers from making investment decisions based upon confidential information received from the commercial side of the bank.

Ensuring the Integrity of Records

Records and accounting information must be accurate and maintained with reliability and integrity. Transactions must be reflected in an accurate and timely manner. False entries and activities that could result in false entries are expressly prohibited.

Internal Controls Over Assets

Associates, officers, and directors must comply with all internal control procedures established by the bank for the safeguarding of assets and proper reporting and disclosure of financial information.

The bank has established and will maintain internal accounting controls and recordkeeping practices in order to meet both legal and business requirements. The accounting records of the bank must be complete, accurate, and in reasonable detail. Such records include books of original entry and other financial information used for internal management decision-making and external reporting. The underlying transactions must be properly authorized and recorded on a timely basis in order to permit

preparation of financial statements in accordance with generally accepted accounting principles and maintain accountability of assets. No fund or asset that is not fully and properly recorded on the bank's books is permitted. In addition, it is unlawful to falsify any book, record, or account which reflects transactions of the bank or dispositions of the bank assets. Associates should be certain that all transactions with other persons are properly documented and recorded to avoid any possible allegation that the bank was assisting such persons in improperly recording or detailing the nature of the transactions involved. In addition, associates will adhere to the Currency Transaction Reporting Policy, SAR, and other reporting as required by federal law.

CANDOR IN DEALING WITH AUDITORS, EXAMINERS, AND LEGAL COUNSEL

All associates, officers, and directors are required to respond honestly and candidly when dealing with the bank's independent, external and internal auditors, regulators, and attorneys.

AVOIDING SELF-DEALING AND ACCEPTANCE OF GIFTS OR FAVORS

Conflicts of Interest: General

The primary principle underlying conflicts of interest is that associates must never permit their personal interests to conflict or appear to conflict with the interests of the bank or its clients.

Even the appearance of a conflict between personal gain and the interests of the bank erodes the trust and confidence on which our reputation rests. An associate should not represent the bank in any transaction where he or she has any material connection or significant 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.

Examples of a significant financial interest would include the associate's involvement as proprietor, partner, or member of a joint venture in a firm doing business with the bank. It would also include a situation where the associate has a large enough investment in a corporation - especially a small corporation - to permit him/her to influence the corporation's policies and decisions. The associate should avoid transactions involving any of the above circumstances, for otherwise a conflict of interest would exist. "Transactions," includes not only authorizing and making loans, but also such things as approval of overdrafts; authorizing or accepting checks on uncollected funds; waiving of late charges, overdraft charges, or other normal fees; and waiving of financial statements or collateral documents.

Acceptance of Gifts or Favors

Associates, officers, directors, and agents or attorneys of the bank are prohibited from:

- Soliciting for themselves 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.
- Accepting 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.

All gifts received or offered, other than the exceptions listed below, should be disclosed in writing immediately to employee's supervisor and to the bank's Chief Operating Officer. The exceptions are:

- If the benefit is available to the general public under the same conditions that it is available to the bank associate.

- Acceptances 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) when the circumstances make it clear that it is those relationships, rather than the business of the bank, which are the motivating factors.
- Acceptance of meals, refreshments, travel arrangements or accommodations, or entertainment 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.
- 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.
- Acceptance of advertising or promotional material of minimal value such as pens, pencils, note pads, key chains, calendars, and similar items.
- Acceptance of discounts or rebates on merchandise or services that do not exceed those available to other customers.
- Acceptance of gifts that are related to commonly recognized events or occasions, such as a promotion, wedding, graduation, Christmas, bar or bat mitzvah, etc.
- Acceptance of civic, charitable, educational, or religious organizational awards for recognition of service and accomplishment.

The penalties for violations of the Bank Bribery Act will be imposed if the value of the item offered or received exceeds \$100. Under the act, the offense is a felony punishable by up to five years imprisonment and a fine of up to \$1,000,000 or three times the value of the bribe or gratuity. If value does not exceed \$100, the offense is a misdemeanor punishable by up to one year imprisonment and a maximum fine of \$1,000.

Hospitality to Public Officials

Acts of hospitality toward public officials should never be on such a scale or of such a nature as might tend to compromise or give the impression of compromising the integrity or the reputation of either the public official or the bank. When extending appropriate hospitality, it should be with the expectation that it will become a matter of public knowledge.

Dealing with Suppliers

Associates must award orders, contracts, and commitments to suppliers of goods or services without favoritism. Bank business of this nature must be conducted strictly on the basis of merit and, whenever appropriate and feasible, competitive bidding.

Self-Dealing or Trading on One's Position

Associates are prohibited from self-dealing or otherwise trading on their positions with the bank. Associates are also prohibited from accepting business opportunities from an individual or company doing or seeking to do business with the bank or bank holding company when that business opportunity is not available to other persons or that is made available because of such official position with the bank. The bank requires disclosure of all potential conflicts of interest, including those in which employees have been inadvertently placed due to either business or personal relationships with clients, suppliers, business associates, or competitors of the bank.

Fair Competition

Under no circumstances should associates enter into arrangements or agreements with competitors. This includes such matters as (1) pricing, (2) marketing policies and strategies, and (3) official management interlocks with non-affiliates. In the pricing area in particular, discussions with competitors about future pricing plans are strictly forbidden. However, this does not prohibit an employee from conducting surveys of current bank rates and fees in our area when such a task has been assigned by management.

LOANS TO DIRECTORS, EXECUTIVE OFFICERS, AND THEIR RELATED INTERESTS

Federal regulations impose certain restrictions on loans by the bank to directors, principal shareholders, and executive officers of the bank. The limitations also extend to those companies or entities in which a director or executive officer has an ownership or controlling interest, called a "related interest." Federal regulations also impose certain restrictions on loans by the bank to principal shareholders and their related interests. In addition to certain monetary limitations, federal regulations provide that loans to executive officers, directors, and principal shareholders must be made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for compatible transactions with other persons who are not employed by the bank and which do not involve more than the normal risk of repayment or present other unfavorable features. Both federal and state regulations provide that, except for loans that fall below a certain monetary limit or that are for approved purpose, loans to executive officers, principal shareholders, directors, and their related interests must be approved by the board of directors with the director or officers with the related interests abstaining from the vote. This abstaining also includes leaving the room during the discussion and vote on the loan approval.

LOANS TO OTHER OFFICERS AND ASSOCIATES

Bank associates, other than those noted in the section above, are eligible to borrow from the bank in accordance with the bank Credit Policy.

With the exception of preferential loans by executive officers from correspondent banks, neither bank policies nor Federal Reserve regulations restrict associates borrowing relationships with other institutions. However, each associate is expected to maintain his or her financial affairs in a satisfactory manner, and to manage debts in relation to income and net worth.

SERVICE WITH OUTSIDE ORGANIZATIONS FOR PROFIT

Associates should avoid outside employment or activities that would have a negative impact on their job performance with the bank, or which are likely to conflict with their obligations to the bank. No associates may engage in personal activities that conflict with the best interest of the bank or our clients. An employee who performs work for a company with which we do business or compete must disclose that interest or work to the Chief Operating Officer. Any fees earned by an associate for service on an outside commercial board in which the bank has no equity interest may be retained by the individual. Regarding employment outside the bank, associates should not allow the outside employment to interfere with their job performance or require such long hours as to affect their physical or mental effectiveness. An associate is expected to devote full attention to the bank's interest during regular hours of employment.

INVOLVEMENT IN CIVIC, TRADE, EDUCATIONAL, CHARITABLE, AND FRATERNAL AFFAIRS

The bank encourages associates to participate in civic and charitable activities. For business reasons, it is sometimes desirable to have associates of the bank become active members of not-for-profit organizations. Associates choosing to participate in civic, charitable, political, and professional

association activities are responsible for seeing that such participation does not result in any actual or apparent conflict of interest, encroach upon working time, or otherwise interfere with regular duties. If an associate has any question in this regard, he or she should discuss the matter with the President..

PERSONAL FIDUCIARY APPOINTMENTS

Associates must not accept personal fiduciary appointments without first securing written approval from the board of directors, unless such appointments result from close family relationships.

PERSONAL FEES AND COMMISSIONS

No associate may accept personal fees or commissions in connection with any transactions on behalf of the bank.

WORK RELATIONSHIPS

No associate shall give or receive any special considerations to the conditions of employment of another associate due to family or personal relationships. Just as external business decisions are based on sound, ethical business practices, all personnel decisions must be based on sound management practices and not be influenced by personal concerns.

SECURITIES UNDERWRITER

No staff member may become an officer, director, or employee of any securities underwriting corporation. It is prohibited by 12 USC 78.

PERSONAL INVESTMENTS

Associates are free to invest in stocks, bonds, and other securities at their discretion, but they must always comply with applicable laws and regulations. Speculation or excessive borrowing and gambling are not consistent with the prudent management of personal affairs expected of a bank associate. Staff members must never make changes in their personal investment portfolios on the basis of confidential information relating to the bank or its clients.

OBSERVING APPLICABLE LAWS AND REGULATIONS

Management is charged with being cognizant of all applicable laws and regulations dealing with corporate ethics. Further, management must ensure that this awareness and knowledge is transmitted to all associates.

PRE-EMPLOYMENT SCREENING

The bank shall utilize a risk-focused approach to determine when pre-employment background screening is appropriate or when the level of screening should be increased based upon the position and responsibilities. Additionally, contractors are to be subject to similar screening procedure.

MONITORING

The Audit Committee of the board will ensure that internal controls are in place to monitor against conflicts of interest and self-serving practices. Any operational weaknesses that are identified will be corrected so the bank remains in compliance with all laws, regulations and bank policies.

REPORTING OF QUESTIONABLE ACTIVITY

As a bank associate, you are expected to report without delay all unethical, dishonest or illegal activities or financial improprieties by other associates to either the Chief Executive Officer or Chief Lending Officer.. Concerns regarding questionable accounting, internal accounting controls or auditing matters or any other suspected wrongdoing, will be promptly reported to the Chairman of the Audit Committee of the Board of Directors.

NO RETALIATION

It is a serious code violation, and violation of law for any bank manager to initiate or encourage reprisal action against an associate or other person who in good faith reports known or suspected code violations. Retaliation will not be tolerated.

TRAINING AND AWARENESS PROGRAMS

All new associates will receive a copy of this code of conduct and ethic policy, be instructed as to its contents, and sign a statement attesting that this has been accomplished. Not less frequently than annually, all associates will receive appropriate training by their supervisor, review of this document, and will sign a statement attesting that this has been done.

ACTIONS IN CASES OF NON-COMPLIANCE

The importance and seriousness of this subject cannot be overemphasized. Instances of non-compliance with the provisions or spirit of this code of conduct and conflict of interest policy will be dealt with in a direct and fair-handed manner. When all the pertinent facts of a case have been determined, at a level commensurate with the seriousness of the case, the bank will take appropriate action which may include, but is not limited to, the following:

- Appropriate consideration will be given if the instance was voluntarily disclosed by the associate involved.
- If the violation appears inadvertent and not of highly serious consequence, remedial instruction and training by the associate's supervisor may be the appropriate remedy.
- Progressively more serious violations may warrant progressively stronger bank action including a letter of reprimand to the associate with a copy to the associate's personnel file, suspension without pay for an appropriate length of time, or dismissal.

A Suspicious Activity Report (SAR) will be filed on any known or suspected Federal criminal violation committed or attempted against the bank or conducted through the bank, involving any amount where the bank has a substantial basis for identifying one of its directors, officers, associates, agents or other bank-affiliated parties as being involved.

REVIEW OF POLICY

This policy will be reviewed, updated as necessary, and approved at least annually by the board of directors.