

# 706 Code Of Conduct



12.15.2020 | Responsible Party: Director of Human Resources

## Introduction

Since banking entails the safekeeping of the client's money, there is no profession where honesty, integrity, and high standards of conduct are more important. Bankers have traditionally recognized that their first duty is to conduct themselves in a manner deserving of public trust and confidence. By and large we can be proud of the record of conduct passed on by previous generations of bankers, and we should each take a personal vow to conduct our activities so that we do not betray this trust.

## Statement of Bank Policy

1. It is forbidden for any employee, officer, director, agent, or attorney of this Company to:
  - a) Solicit for them or a third party anything of value from anyone in return for any business, service, or confidential information of the Company.
  - b) To accept anything of value from anyone in connection with the business of the Company, whether before or after a transaction is discussed or consummated. Further, if any individual is offered something of value from a customer beyond what is expressly authorized in this policy statement the individual must disclose facts of the offer to the President of the Bank immediately.
2. This section outlines the Code of Conduct for the employees and Officers of this Company. If there is anything in the code that will cause employees difficulty, they should discuss the problem with the President. Until the President has granted a written waiver, they are required to comply with this code of conduct. Employees and Officers must sign an acknowledgement that they have read and understand these conditions.

## Confidential Information

1. In the course of performing our duties, employees acquire confidential information considered to be extremely sensitive by clients. This information shall not be revealed to an unauthorized person nor shall a client's finances be discussed with others within the organization unless their duties require the information. Information about clients can be released only when

authorized by the client or subpoenaed by a court or by the IRS, and then the information released must be accurate and within the confines of the release-authorizing document.

2. When a client gives the Company as a credit reference, this is authority to release credit information. Banks also share credit information with each other. This sharing is only done to support credit decisions, and the sharing is based on assurances that the source's confidentiality will be protected, and the information is accurate and not misleading. The inherent conflict between the client's right to confidence and privacy and the need for creditors to share credit experience should be recognized. This conflict cannot entirely be resolved but exercising extreme care when exchanging credit information can mitigate its consequences.

## Conflicts Of Interest

1. Confidential information about clients that reflects favorably or adversely on the investment value of any business enterprise is "insider" information. It may not be used for personal investment advantage or provided to others for their investment advantage.
2. An employee may not represent the Company in any transaction where he or she has 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 doing business with the Company. An example of a financial interest would be an officer's involvement as a proprietor, partner, or joint venture doing business with the Company.)
3. Employees must avoid taking part in transactions involving any of the above circumstances. "Transactions" include not only making loans, but also approval of overdrafts, accepting checks on uncollected funds, waiving of NSF, overdraft or late charges, and waiving the requirement for financial statements or collateral documents, when there is a potential transaction.
4. An employee or Officer may not accept a directorship of another corporation without approval of bank management. Charitable and nonprofit organizations are exceptions to this general requirement.

5. Employees will be required to disclose relationships or transactions that could be construed as a potential conflict of interest at the time the relationship develops or transaction occurs and on an annual basis if it continues.

## Rules on Gifts, Fees, Legacies, Loans, and Investments

1. An employee may not accept a loan from a client or supplier or another employee. This prohibition does not apply to arms-length loans from banks or other financial institutions on customary terms to finance proper credit needs. The Company requires that officers report all their borrowing from other financial institutions to the Board of Directors.
2. An employee may not receive anything of value for making a loan.
3. An employee may not accept a fee for performing any act that the Company could have performed.
4. An employee may not accept a gift from a customer or from any other person seeking a relationship with the Company. This rule does not apply to:
  - a) Food, refreshments or entertainment at luncheon business meetings.
  - b) Advertising or promotional material of nominal value.
  - c) Awards from charitable organizations.
  - d) Gifts of nominal value given on special occasions such as Christmas. (Nominal value is a value that would be within the employee's ability to reciprocate on a personal basis or with legitimate claim to the Company for reimbursement under similar circumstances.)
5. An employee may not sell anything to a client at a value in excess of its worth nor may an employee purchase anything from a client at a price below its worth. (Acceptance of discounts or rebates on merchandise is permitted if they are also available to other routine clients of the Company).
6. An employee must refuse any legacy or bequest from a non-related bank client. An employee must also refuse to serve personally as executor, trustee, or guardian of a bank customer's estate or trust unless the client is a close relative of the employee.
7. An employee may not indirectly perform any act that these rules prohibit directly. For example, it is just as wrong to arrange for a member of the family to receive a gift as it is for the employee to accept the gift directly.

8. An employee should refrain from investing in the Company's client's business, and/or subscribing to new issues of stock in a Company's client's business.
9. Speculative investing such as playing the commodities market, margin buying, short accounts, puts, calls, or combinations are not prudent for employees.

## Bribery

All attempted bribes must be reported to the CEO immediately. The CEO will take appropriate action and will keep contemporaneous written records of each case. Written records will also be kept in the CEO's office of all waivers granted to this policy statement, and the CEO's office will keep all compliance certificates on file for three years.