

Organizational Functional Area:	All
Policy For:	Code of Ethics and Business Conduct
Approved By:	Human Resource Committee
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Responsible for Updating Policy:	AVP Manager of Human Resources and Organizational Development



Code of Ethics And Business Conduct

CODE OF ETHICS AND BUSINESS CONDUCT

AND WHISTLEBLOWER POLICY

I. GENERAL POLICY STATEMENT

It is the policy of Emclair Financial Corp., and its subsidiary, Farmers National Bank of Emlenton (collectively, the “Bank,” “we,” or “us”) 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, and to avoid even the appearance of impropriety. This Code of Ethics and Business Conduct (“Code”) applies to employees and members of the Board of Directors of the Bank. The terms “you” and “your” may refer to each employee and/or director as the context suggests.

This Code is subject to modification by Bank management without prior notice.

This Code addresses in general the most common issues you may encounter, but it cannot cover everything; therefore, you should contact the Human Resources Department if you have any questions.

II. OUTLINE OF YOUR RESPONSIBILITIES

Each employee and director is required to:

- Comply with all applicable laws and regulations;
- Maintain the confidentiality of the Bank’s confidential and/or proprietary business and/or financial information;
- Maintain the privacy of our customers, and the confidentiality of their personal and financial information;
- Protect the reputation of the Bank as a trusted financial institution;
- Be truthful with customers, co-employees, regulators, and directors;
- Be accurate in all business and financial disclosures;
- Cooperate with all investigations performed by or on behalf of the Bank, and all governmental investigations relating to the Bank; and
- Report all violations and suspected violations of the Code to one of the following (in the preferred order):
 - Your supervisor,
 - The Manager of Human Resources,
 - The Audit Committee Chairman, Mark Freemer

III. IRREGULAR BUSINESS CONDUCT

Irregular business conduct (which includes any criminal, fraudulent, or illegal conduct, any impropriety, lack of professional responsibility, or dishonesty) will not be tolerated under

any circumstances. Such conduct may not only be subject to internal disciplinary action but may also lead to criminal prosecution or civil suit. Examples of such conduct include but are not limited to:

- *Anti-Competitive Behavior*--Generally an agreement with a competitor to engage in activity that may unduly lessen competition (e.g., to set interests rates, fees, prices). Competition laws are very complex and vary between jurisdictions. You should seek legal guidance in any circumstance that might be perceived as anti-competitive.
- *Bribery*-- Engaging in any act that can be perceived as giving or receiving bribe or other questionable payment.
- *Commission Sharing*-- The sharing of commissions such as finder's fees or secret commissions with any other employee, director, agent, or broker who is not licensed to buy or sell the security or instrument in question, or who is not part of an established commission-sharing program.
- *Kiting*-- Inflating the balance in an account with artificial funds, usually through manipulating the clearing system and banking machines so as to be able to gain unauthorized access to cash or credit. Kiting is never acceptable, even if it does not cause a loss to the Bank.
- *Money Laundering*-- Making profits derived from criminal activity appear as if they came from legitimate business activity is a criminal offence, and knowingly failing to report a suspected money laundering scheme is also a criminal offence.
- *Theft and Fraud*—Defalcation, embezzlement, or misappropriation of funds or property belonging or entrusted to the Bank.
- *Tied Selling*—Coercing or imposing undue pressure on a customer as a condition of approving a request for a Bank product or service, to buy another product or service or to transfer other business to the Bank.

Ethical business conduct is critical to our business. It is our policy to fully comply with the spirit and intent of all applicable laws, rules, and regulations. Violations of these laws, rules and regulations can create significant civil and/or criminal liability for you, the Bank, our directors, and other employees. We expect you to use good judgment and high ethical standards and to refrain from any form of illegal, dishonest, or unethical conduct, and also to refrain from doing any act that has the appearance of being dishonest or unethical.

Disregard of the law will not be tolerated. Unlawful conduct or activities outside of your employment or service as a director are a reflection on the Company and may also constitute a violation of this Code.

Special Legal Requirements for Government Contracts

The Bank provides products and services under several contracts with federal and state government agencies. Employees who are involved with those contracts must be careful to follow additional rules that apply to government contracts. Some of those rules are as follows:

- It is illegal under both U.S. federal and state law to solicit, offer, or pay any bribe or other gratuity to a public official for the purpose of influencing an official act or decision;
- It is illegal under the U.S. federal False Claims Act to file a false report or make any false statement for the purpose of either making a claim for payment from the government, or avoiding a specific payment obligation to the government.

IV. CONFLICTS OF INTEREST

For purposes of this Code, “family” includes a spouse (including a common-law spouse or domestic partner), parent, child, or other close relative as well as close relatives of your spouse or domestic partner, and any members of your household.

Each of us has a responsibility to the Bank, our stockholders, and each other. Although this duty does not prevent us from engaging in personal transactions and investments, it does demand that we avoid situations where a conflict of interest might occur or appear to occur.

A conflict may arise where you have reason to act in a manner that is not in the best interests of the Bank or its stockholders. Often this is because you, a friend, a relative, or someone with whom you have a close personal relationship, stands to benefit from the action in some way.

Employees and directors are prohibited from engaging in conduct that does or will conflict with the interest of the Bank, unless specific written authorization is obtained in accordance with Section XII. It is important to avoid even the appearance of a conflict of interest, since the appearance can be as damaging to the Bank’s reputation as an actual conflict. Whether or not a conflict of interest exists or will exist can be unclear; if it is unclear, then written authorization to proceed or continue an act must be obtained in accordance with Section XII.

If you have any questions about a potential conflict or if you become aware of an actual or potential conflict and you are not an officer or director of the Company, you should discuss the matter with your supervisor or the Manager of Human Resources. Factors that may be considered in evaluating a potential conflict of interest are, among others:

- whether it may interfere with the individual’s job performance, responsibilities, or morale;
- whether the individual has access to confidential information;
- whether it may interfere with the job performance, responsibilities, or morale of others within the Bank;
- any potential adverse or beneficial impact on the Bank’s business;
- any potential adverse or beneficial impact on the Bank’s relationships with customers, suppliers, or other service providers;

- whether it would enhance or support a competitor's position;
- the extent to which it would result in financial or other benefit (direct or indirect) to the individual;
- the extent to which it would result in financial or other benefit (direct or indirect) to any of the Bank's customers, suppliers, or other service providers; and
- the extent to which it would appear improper to an outside observer.

A. Acceptance of Gifts

You and your family shall not solicit, accept, or retain any benefit for yourselves, each other, or for any third party from any of our customers, any individual or organization doing or seeking to do business with the Bank, or from any other individual or organization that maintains a banking relationship with the Bank. In this context, a benefit is regarded as any type of gift, gratuity, service, loan, legacy (except from a relative), fee or compensation, or anything of monetary value.

Specific exception to this prohibition may be made if there is no, and there appears to be no, reasonable likelihood of improper influence in your performance of duties on behalf of the Bank. The personal benefit, however, is limited to one of the following:

- normal business courtesies, such as a meal, refreshment, or entertainment of reasonable value, involving no more than ordinary amenities, in the course of a meeting or other occasion, the purpose of which is to hold bona fide business discussions;
- non-cash gifts of reasonable value (under \$100.00) when received at holiday time or for special occasions, such as a new job, promotion, wedding, or retirement, which represent an expression of friendship;
- gifts based upon kinship, marriage, or social relationships entirely beyond and apart from any business relationship;
- unsolicited advertising and promotional material of nominal value;
- awards given by charitable, education, civic, or religious organizations for meritorious contributions or service;
- loans from other banks or financial institutions on customary terms to finance proper and usual activities such as home mortgage loans;
- discounts or rebates on merchandise or services that do not exceed those available to other customers.

Any personal benefit offered or received, other than the exceptions noted above, is to be reported by the employee to the Manager of Human Resources who will review the situation and instruct the employee as to the appropriate action. The Manager of Human

Resources shall keep contemporaneous written records of all such disclosures. The Manager of Human Resources shall report any such personal benefit received directly to the Audit Committee. Directors and officers will report personal benefits directly to the Audit Committee. If you are unsure whether to report a benefit, then you should report it.

It is important to recognize that federal law makes it a crime for any officer, director, or employee of a federally-insured bank or bank holding company, directly or indirectly, to ask, solicit, accept, receive, or agree to receive anything of value, for himself/herself or for any other person or entity, for or in connection with any transaction or business of the Bank. The penalty for violating this law is a fine, imprisonment, or both. Any offer of such an improper payment to an employee should be immediately reported to the Manager of Human Resources; such offers to an officer or director are to be reported immediately to the Audit Committee.

B. Political and Charitable Contributions and Activities

U.S. federal and state laws limit the nature and extent of individual and corporate political participation. For example, federal law and that of many states prohibit corporate contributions to political candidates or officeholders.

Federal law and Bank policy also state that the Bank will not reimburse anyone for personal political contributions. The Bank will not alter personal compensation in any way under any circumstances to reflect personal political contributions.

Employees and directors may make personal political contributions and charitable donations at their discretion, so long as there is no regulatory prohibition or restriction on such contributions. However, you must not commit the Bank to a political or charitable contribution without prior approval from the Manager of Marketing and Advertising. If you hold a position in a political or charitable organization which may influence the financial needs of that organization, or if you are asked to conduct financial transactions or fund raising on that organization's behalf, you must report this relationship to the Manager of Human Resources who may review this relationship to ensure that there is no perception of influence. Employees should not engage in any political or charitable activity in the workplace unless authorized by the Manager of Human Resources.

C. Outside Activities

We encourage individual participation in civic activities. Normally, volunteer efforts must take place outside of regular business hours. If volunteer efforts require business time, prior approval should be obtained by the employee from his/her supervisor.

Employees are not to act, without prior written approval from the Human Resources Department, as executor, administrator, trustee, guardian or conservator, or in any other fiduciary capacity, whether or not it is related to the Bank's business. Employees may act as fiduciary for an immediate family member without prior approval.

D. Serving on a Board of Directors

It is a conflict of interest to serve as a director of any Bank or other business that competes with us. Although you may serve as a director of a Bank supplier, customer, developer, or other business partner, our policy requires that you disclose this information upon assuming such a position, and annually thereafter.

E. Personal Finances

Personal finances should be managed in a manner consistent with employment in a financial institution. Employees and their immediate families should borrow only from reputable organizations, which regularly lend money, and such borrowing must carry the prevailing rate of interest and not involve favored treatment of any kind. Borrowing from relatives is not subject to this restriction. Employees are not permitted to borrow from their co-workers, supervisors, or subordinates.

You shall maintain an excellent credit record. If you have difficulty meeting your credit obligations, you are urged to discuss your situation with the Human Resources Department.

You should not overdraw your accounts at Farmers National Bank of Emlenton. If an inadvertent overdraft occurs, you will be charged an overdraft fee based on the current fee schedule. The Human Resource Department will be notified of all employee overdrafts and will address any excessive overdrafts with corrective action including but not limited to verbal or written warnings, counseling or employment termination. Supervisors are not to make exceptions to normal policy for employee accounts. In furtherance of this policy, and in furtherance of other policies, you should be aware that the Bank may monitor your accounts with Farmers National Bank at any time without notice to you. In the interest of maintaining safety and security of our customers, employees and property the Bank will perform a credit and background check on all candidates in connection with any offer of employment as well as reserves the right to perform a credit and/or background check on an employee at any time without notice, so long as such credit and/or background check is in accordance with law.

F. No Representation of Customers

Employees are not permitted sign on customers' accounts, act as deputy or co-renter of customers' safe deposit boxes, or otherwise represent customers. This does not include customers related to the employee by blood or marriage. An employee may be one of several signatures to a non-profit organization deposit account that requires two or more signatures.

G. Personal Investment Activity

While we do not intend to unreasonably limit you in your personal investment activities, it is the Bank's policy that you may not enter into investment transactions which would create, or give the appearance of creating, a conflict of interest between you and the Bank, or between the Bank and any customer. Many factors should be considered in determining whether a conflict exists, including the size and nature of the investment; your ability to influence the Bank's decisions; your access to confidential information of the Bank or of

the other company; and the nature of the relationship between the Bank and the other company.

H. Business Transactions With Related Parties

As a general rule, you should avoid conducting Bank business with a family member, or with a business in which a family member is associated in any significant role.

If such a related party transaction is unavoidable, you are required, prior to completing it, to disclose fully the nature of the related party transaction to your supervisor. If the proposed transaction is determined to be material to the Bank, the supervisor will notify the Manager of Human Resources whom may present the situation to the Bank's Audit Committee for review and approval in writing in advance of such related party transactions. The most significant related party transactions, particularly those involving the Bank's directors or executive officers, must be reviewed and approved in writing in advance by the Bank's Board of Directors. The Bank must report all such material related party transactions under applicable accounting rules, federal securities laws, Securities and Exchange Commission rules and regulations, and securities market rules. Any dealings with a related party must be conducted in such a way that no preferential treatment is given to that individual or business.

The Bank prohibits the employment of relatives, romantic partners, members of the same household, and other significant others in positions or assignments that have a financial dependence or influence (*e.g.*, an auditing or control relationship, or a supervisor/subordinate relationship). If a question arises about whether a relationship is covered by this policy, the Human Resources Department is responsible for determining whether an applicant's or transferee's acknowledged relationship is covered by this policy. Willful withholding of information regarding a prohibited relationship/reporting arrangement may be subject to corrective action, up to and including termination. If a prohibited relationship exists or develops between two employees, the employee in the senior position is required to bring this to the attention of his/her supervisor immediately. The Bank retains the prerogative to separate the individuals at the earliest possible time, either by reassignment or by termination, in accordance with business needs.

I. Lending Practices

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

You are not in any way to represent or exercise authority on behalf of the Bank, grant direct or indirect accommodations or make credit recommendations with respect to:

- members of your family;

- any individual or organization to which you, your family, or a member of your household is indebted;
- any organization with which you, your family, or a member of your household is associated or in which a material financial interest is held; and/or
- any person in your household.

You may recommend loan or service accommodations to non-profit organizations for which you serve as a board member or officer, but must fully disclose this relationship at the time of recommendation. Such accommodation must be approved by a second party within normal authority guidelines.

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

J. Giving Advice to Customers

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

V. CORPORATE OPPORTUNITY

Employees, officers, and directors may not exploit for their own personal gain any business opportunities that are discovered through the use of Bank property, information or position unless the opportunity is disclosed fully in writing to the Bank's Board of Directors and the Board of Directors declines to pursue such opportunity.

VI. CONFIDENTIALITY

A. Customer Information

Safeguarding the confidential financial information concerning our customers is essential in maintaining the public trust. It is our policy that such confidential information acquired by an employee through his/her employment must be held in the strictest confidence. Such information is to be held for Bank purposes and not as a basis for personal gain by an employee. Aside from routine personal credit inquiries, information regarding a customer may not be released to private persons, organizations, or governmental bodies that request it generally, unless we have the written consent of the customer involved or upon receipt of a legally binding document, such as subpoena or court order. Confidential customer information should never be discussed or otherwise disclosed with anyone outside the Bank, and only with those within the Bank who have a legitimate business need to know.

This obligation to keep confidential such information continues not only while an employee is employed by the Bank, or during a director's tenure, but also continues after such employment or directorship ends.

B. Information Regarding the Bank

Financial or other proprietary and/or confidential information regarding the Bank is not to be released to any outside person or organization unless it has been published in reports to stockholders, or otherwise made available to the public through authorized news releases. All employees and directors are to maintain the confidentiality of the Bank's confidential business information, including confidential financial information, trade secrets, confidential processes, technology, business plans, and internal business-related confidential communications.

C. Required Procedure For Disclosure of Company Confidential Information When Authorized

To further the Bank's business, from time to time our confidential information may be disclosed to potential business partners. However, such disclosure should never be made without carefully considering its potential benefits and risks. If you determine in consultation with your supervisor and other appropriate Bank management that disclosure of confidential information is necessary, you must then contact the Manager of Human Resources to ensure that an appropriate written nondisclosure agreement is signed prior to the disclosure. We have standard nondisclosure agreements suitable for most disclosures.

D. Requests by Regulatory Authorities

The Bank and its directors, officers, employees, agents, and contractors must cooperate with appropriate government inquiries and investigations. In this context, however, it is important to protect the legal rights of the Bank with respect to its confidential information. All government requests for information, documents, or investigative interviews must be referred immediately to the President of the Bank. No financial information may be disclosed without the prior timely notification, and where appropriate, the approval of the President of the Bank. In the event you are served with a subpoena for any Bank records or information, you are required to immediately inform the President and the Chief Operating Officer of the same, and provide a copy to each of them, unless prohibited from doing so by law.

E. Media

Unless specifically authorized in writing by the President of the Bank, no employee or director may speak on behalf of the Bank, or represent himself/herself as a representative of the Bank. Any media inquiries concerning the Bank's perspective should be referred to the President of the Bank. If an employee is representing his/her own personal opinion to any media source, then the employee must make clear that he/she is expressing his/her own

personal opinion, and not speaking or otherwise providing any information on behalf of the Bank.

VII. OBLIGATIONS UNDER SECURITIES LAWS – “INSIDER” TRADING

Directors and employees who have access to confidential (or “inside”) information are not permitted to use or share that information for stock trading purposes or for any other purpose except to legitimately conduct our business. All non-public information about the Bank or about individuals and entities with which we do business is considered confidential information. To use material non-public information in connection with buying or selling securities, including “tipping” others who might make an investment decision on the basis of this information, is not only unethical, it is illegal. Under applicable law, information is generally considered to be “material” if a reasonable investor would likely consider it to be important in making his or her investment decision, or if the release of the information is reasonably certain to have an effect on the price of a company’s stock. You must exercise the utmost care when handling material inside information. We have adopted a separate Insider Trading Policy to which you are bound as a condition of your employment here. You should consult the Insider Trading Policy for more specific information on the definition of “material inside information” and on buying and selling our securities or securities of companies with which we do business.

VIII. PROTECTION AND PROPER USE OF THE COMPANY’S ASSETS

Protecting the Bank’s assets is a key fiduciary responsibility of every employee, agent, consultant, and contractor. Care should be taken to ensure that assets are not misappropriated, loaned to others, sold, or donated, without appropriate authorization. All Bank employees, directors, agents, consultants, and contractors are responsible for the proper use of Bank assets, and must safeguard such assets against loss, damage, misuse, or theft. Employees, directors, agents, consultants, or contractors who violate any aspect of this policy, are subject to disciplinary action including immediate termination of employment or the business relationship. Those individuals who demonstrate poor judgment in the manner in which they use any Bank asset may be subject to disciplinary action, up to and including termination of employment or business relationship.

A. Physical Access Control

The Bank has and will continue to develop procedures covering physical access control to ensure privacy of communications, maintenance of the security of the Bank’s communication equipment, and to safeguard Bank assets from theft, misuse, and destruction. You are personally responsible for complying with the level of access control that has been implemented in the facility where you work on a permanent or temporary basis. You must not defeat or cause to be defeated the purpose for which the access control was implemented.

B. Company Funds

You are personally responsible for all Bank funds over which you exercise control. Bank agents and contractors should not be allowed to exercise control over Bank funds. Bank funds must be used only for Bank business purposes. Every Bank employee, director,

agent, consultant, and contractor must take reasonable steps to ensure that the Bank receives good value for Bank funds spent, and must maintain accurate and timely records of each expenditure. Expense reports must be accurate and submitted in a timely manner. Any expense not submitted within thirty days of being incurred will only be reimbursed at the discretion of the Chief Financial Officer. Bank employees, directors, agents, consultants, and contractors must not use Bank funds or Bank guaranteed credit cards for any personal purpose.

IX. MAINTAINING AND MANAGING RECORDS

The purpose of this policy is to set forth and convey the Bank's business and legal requirements in managing records, including all recorded information regardless of medium. Records include paper documents, CDs, flash drives, computer hard disks, email, floppy disks, microfiche, microfilm, and all other media. We are required by local, state, federal, foreign, and other applicable laws, rules and regulations to retain certain records and to follow specific guidelines in managing the Bank's records. Civil and criminal penalties for failure to comply with such guidelines can be severe for employees, directors, agents, contractors, and the Bank, and failure to comply with such guidelines may subject the employee, director, agent, or contractor to disciplinary action, up to and including termination of employment or business relationship.

A. Records on Legal Hold

A legal hold suspends all document destruction procedures in order to preserve appropriate records under special circumstances, such as litigation or government investigations. Legal counsel determines and identifies what types of Bank records or documents are required to be placed under a legal hold. Every employee, director, agent, and contractor must comply with this policy. Failure to comply with this policy may subject the employee, director, agent, or contractor to disciplinary action, up to and including termination of employment or business relationship, as well as legal sanction by a court.

The Manager of Human Resources will notify you if a legal hold is placed on records for which you are responsible. You then must preserve and protect the necessary records in accordance with instructions. **RECORDS OR SUPPORTING DOCUMENTS THAT HAVE BEEN PLACED UNDER A LEGAL HOLD MUST NOT BE DESTROYED, ALTERED, OR MODIFIED UNDER ANY CIRCUMSTANCES.** A legal hold remains effective until it is officially released in writing by the Bank's legal counsel. If you are unsure whether a document has been placed under a legal hold, you should preserve and protect that document while you check with the Manager of Human Resources.

B. Document Integrity

The integrity of our records and public disclosure depends on the validity, accuracy, and completeness of the information supporting the entries to our books of account. Therefore, our corporate and business records must be completed accurately and honestly. The making of false or misleading entries, whether they relate to financial results or test results, is strictly prohibited. We require that:

- no entry be made in our books and records that intentionally hides or disguises the nature of any transaction or of any of our liabilities, or misclassifies any transactions as to accounts or accounting periods;
- transactions be supported by appropriate documentation;
- the terms of sales and other commercial transactions be reflected accurately in the documentation for those transactions and all such documentation be reflected accurately in our books and records;
- employees comply with our system of internal controls; and
- no cash or other assets be maintained for any purpose in any unrecorded or “off-the-books” fund.

Our accounting records are also relied upon to produce reports for our management, stockholders, and creditors, as well as for governmental agencies. In particular, we rely upon our accounting and other business and corporate records in preparing the periodic and current reports that we file with the SEC. These reports must provide full, fair, accurate, timely, and understandable disclosure and fairly present our financial condition and results of operations. Employees who collect, provide, or analyze information for or otherwise contribute in any way in preparing or verifying these reports should strive to ensure that our financial disclosure is accurate and transparent and that our reports contain all of the information about the Bank that would be important to enable individuals, institutions, businesses, and governmental agencies to assess the soundness and risks of our business and finances and the quality and integrity of our accounting and disclosures. To implement this policy:

- no employee or director may knowingly or negligently take or authorize any action that would cause our financial records or financial disclosure to fail to comply with generally accepted accounting principles, the rules and regulations of the SEC, or other applicable laws, rules and regulations, or take any action to coerce, manipulate, mislead, or fraudulently influence any independent public accountant or certified public accountant engaged in the performance of an audit or review of the Bank’s financial statements;
- all employees and directors must cooperate fully with our internal Finance department, as well as our independent public accountants and counsel, respond to their questions with candor, and provide them with complete and accurate information to help ensure that our books and records, as well as our reports filed with the SEC, are accurate and complete; and
- no employee or director should knowingly make (or cause or encourage any other person to make) any false or misleading statement in any of our reports filed with the SEC, or knowingly omit (or cause or encourage any other person to omit) any information necessary to make the disclosure in any of

our reports (or in any auditing review or examination of our financial statements) accurate in all material respects.

Any employee or director who becomes aware of any departure from these standards is required to report his or her knowledge promptly to a supervisor or the Manager of Human Resources. The falsification of any books, records or documents of the Bank will subject an employee to discipline, up to and including termination.

X. FAIR DEALING

We strive to outperform our competition fairly and honestly. Advantages over our competitors are to be obtained through superior performance of our products and services, not through unethical or illegal business practices. Acquiring proprietary information from others through improper means, possessing trade secret information that was improperly obtained, or inducing improper disclosure of confidential information from past or present employees of other companies is prohibited, even if motivated by an intention to advance our interests. If information that may constitute a trade secret or other confidential information of another business is obtained by mistake, or if you have any questions about the legality of proposed information gathering, you must consult your supervisor or the Manager of Human Resources.

You are expected to deal fairly with our customers, suppliers, employees, and anyone else with whom you have contact in the course of performing your job. No employee may take unfair advantage of anyone through misuse of confidential information, misrepresentation of material facts, or any other unfair dealing practice.

Employees involved in procurement have a special responsibility to adhere to principles of fair competition in the purchase of products and services by selecting suppliers based exclusively on normal commercial considerations, such as quality, cost, availability, service, and reputation, and not on the receipt of money, goods, or other special favors.

XI. WAIVERS

Any waiver of any provision of this Code for a member of the Bank's Board of Directors or an executive officer must be approved in writing by the Bank's Board of Directors and promptly disclosed in accordance with law. Any waiver of any provision of this Code with respect to any other employee, agent, or contractor must be approved in writing by the Bank's Manager of Human Resources.

XII. COMPLIANCE STANDARDS AND PROCEDURES – REPORTING AND INVESTIGATING MISCONDUCT

To facilitate compliance with this Code, we have implemented a program of Code awareness, training, and review. We have established the position of Manager of Human Resources to oversee this program. The Manager of Human Resources is a person to whom

you can address any questions or concerns about the Code. The Manager of Human Resources can be reached at (844) 882-6433. In addition to fielding questions or concerns with respect to potential violations of this Code, the Manager of Human Resources is responsible for:

- investigating possible violations of the Code;
- training new employees in Code policies;
- conducting annual training sessions to refresh employees' familiarity with the Code;
- distributing copies of the Code annually to each employee with a reminder that each employee is responsible for reading, understanding and complying with the Code;
- updating the Code as needed and alerting employees to any updates, with appropriate approval of the Human Resources Committee of the Board of Directors, to reflect changes in the law, in Bank operations, in recognized best practices, and to reflect Bank experience; and
- otherwise promoting an atmosphere of responsible and ethical conduct.

Your most immediate resource for any matter related to the Code is your supervisor. He or she may have the information you need, or may be able to refer the question to another appropriate source. There may, however, be times when you prefer not to go to your supervisor. In these instances, you should feel free to discuss your concern with the Manager of Human Resources. If you are uncomfortable speaking with the Manager of Human Resources, please contact the Audit Committee Chairman, Mark A. Freemer.

A. Requirement to Report Violations and Possible Violations

If you encounter a situation, or are considering a course of action and its appropriateness is unclear, discuss the matter promptly with your supervisor or the Manager of Human Resources; even the appearance of impropriety can be very damaging and should be avoided.

You are encouraged to seek the advice of the appropriate supervisor regarding questions of interpretation and of the applicability of the provisions of the Code to a particular situation. In any situation where the appropriate conduct is not clear, employees must seek the direction of the appropriate supervisor and/or the Manager of Human Resources. In addition, directors and employees are obligated to report, in a timely fashion, any violations of the Code they may witness or reasonably suspect.

Part of your job and ethical responsibility is to help enforce this Code. You should be alert to possible violations and ***you are required*** to report actual and possible violations to your supervisor and/or to the Human Resources Department. Your report should contain a specific description of the violation that you believe has occurred, including any

information you have about the persons involved and the time of the violation. You are required to cooperate in any internal or external investigations of possible violations. Reprisal, threats, retribution or retaliation against any person who has in good faith reported a violation or a suspected violation of law, this Code, or against any person who is assisting in any investigation or process with respect to such a violation, is prohibited.

Whether you choose to speak with your supervisor or the Manager of Human Resources, you should do so without fear of any form of retaliation for making a good faith report, even if it turns out to be incorrect. The Bank will take prompt disciplinary action against any employee who retaliates against you, up to and including termination of employment. An employee will not suffer any adverse employment action unless the report made was knowingly untrue.

Supervisors must promptly report any complaints of, or observations of, Code violations to the Manager of Human Resources. The Manager of Human Resources will work with the Audit Committee Chairman to investigate all reported possible Code violations promptly and with the highest degree of confidentiality that is possible under the specific circumstances. Your cooperation in the investigation will be mandatory. If the investigation indicates that a violation of the Code has probably occurred, we will take such action as we believe to be appropriate under the circumstances. If we determine that an employee is responsible for a Code violation, he/she will be subject to disciplinary action up to, and including, termination of employment and, in appropriate cases, civil action or referral for criminal prosecution. Appropriate action may also be taken to deter any future Code violations.

For any Code violations you observe, our preference is that you in the first instance contact your supervisor or the Manager of Human Relations; however, if you prefer, or if you feel that your concern has not been adequately addressed by either of those individuals, you may contact the Audit Committee Chairman. Anyone can communicate with the Audit Committee Chairman, either anonymously or by name, by any of the following methods:

- In writing, addressed to the Audit Committee Chairman, by U.S. mail to
- Mark A. Freemer, Varischetti Holdings, LP
1228 Main Street Brockway, PA 15824
- By phone at (814) 265-8090 Ext. 840.
- By e-mail to Mark.Freemer@varischettiholdings.com

XIII. WHISTLEBLOWER POLICY

This reporting requirement of this Code applies to all serious improper conduct, including such conduct affecting financial reporting. Employment-related concerns should generally be reported through your supervisor, or the Manager of Human Resources, as set forth in Section XII. This Section XIII applies with particularity to financial reporting. The Bank is committed to making certain that it's reported financial information is accurate and

complete, and that its employees and agents conduct themselves legally and ethically. In line with this commitment and the Bank's commitment to open communication, this policy aims to provide an avenue for employees, board members, and/or stockholders to raise concerns and receive reassurance that they will be protected from reprisals or retaliation for whistleblowing in good faith. The whistleblower policy is intended to cover serious concerns that could have a large impact on the Bank, such as actions that:

- May lead to concerns regarding accounting, internal accounting controls or auditing matter;
- May lead to incorrect financial reporting;
- Are unlawful;
- Are not in line with company policy, including the Code of Personal and Business Conduct and Ethics;
- May misrepresent the financial condition, records, financial reports, or audit reports of the Corporation; or
- Otherwise amount to serious improper conduct.

A. Whistleblower Procedure

Reporting

If you become aware of or suspect legal, ethical, or financial reporting violations, you have a responsibility to report it immediately to your supervisor, another supervisor, or an officer of the Corporation, as circumstances require. If you are not comfortable reporting to any of these individuals, or you believe the matter is serious or sensitive, then you are to use the following whistleblower policy:

Serious concerns relating to financial reporting, unethical, or illegal conduct should be reported to the Audit Committee Chairman of the Board of Directors. Reports may be made anonymously or by name. Anyone can communicate with the Audit Committee Chairman by any of the following methods:

- In writing, addressed to the Audit Committee Chairman, by U.S. mail to
- Mark A. Freemer, Varischetti Holdings, LP
1228 Main Street Brockway, PA 15824
- By phone at (814) 265-8090 Ext. 840.
- By e-mail to Mark.Freemer@varischettiholdings.com

Although the employee, director, or stockholder is not expected to prove the truth of an allegation, the reporting individual needs to demonstrate to the person contacted that there are sufficient grounds for concern.

Contents of Report

In order that the Bank be able properly to respond and investigate a report under this Policy, the report should set forth facts and evidence, rather than speculation and innuendo. Preferably, the report should include, but is not limited to, the following:

- The event or issue that is the subject of the report;
- To the extent applicable, the approximate date, time, and location of any specific event(s);
- The name(s) of the person(s) involved; and
- Any documentary or other evidence to support the report.

Investigations

All reports will be kept as confidential as the circumstances reasonably permit, taking into consideration the legal requirements and the necessity for investigation. All reports will be reviewed and investigated promptly.

All employees and directors are required to respond honestly to questions asked of them in furtherance of any investigation, and to provide appropriate records as requested. Destroying of documents or other records in order to prevent full disclosure in an investigation will not be tolerated.

The Audit Committee Chairman will determine who should lead the investigation, and whether to use an independent third party. Investigators may include, but are not limited to, the internal audit function, external auditors, and external legal counsel. If a third party investigator is chosen, the Bank will provide the Audit Committee with funding to compensate the third party investigator. The Audit Committee Chairperson will seek to assure that the investigator is fully independent.

Actions

The investigator will prepare a report of findings and recommendations based on the results of the investigation. If the findings indicate the complaint has validity, the Audit Committee will determine the action required, which could include disciplining the responsible person(s) up to and including termination of employment, and/or establishing new processes to prevent further violations.

The Audit Committee Chairperson will discuss findings with legal counsel to determine whether public disclosure or disclosure to outside agencies and/or reporting to the full Board of Directors is necessary or appropriate.

Safeguards/No Retaliation For Good Faith Reports

Every effort will be made to protect the complainant's identity. The policy encourages individuals to put their names to allegation because appropriate follow-up questions and

investigation may not be possible unless the source of the information is identified. Concerns expressed anonymously will be investigated, but consideration will be given to the seriousness of the issue raised, the credibility of the concern, and the likelihood of confirming the allegation from reliable sources.

Good faith reporting of possible violations of violations of law, ethics, or accounting requirements will not subject an employee to any reprisal or retaliation. Harassment of, or retaliation against any employee making a good faith report pursuant to this Policy, or any other person participating in any investigation in good faith will not be tolerated.

Malicious and/or knowingly false reports or allegations may result in disciplinary action up to and including termination of employment.