



Five Star Bank **POLICY**

Title

Code of Ethics for CEO, CFO and “Financial Officers”

Entity

Five Star Bank
Financial Institutions, Inc.
Five Star REIT, Inc.
Scott Danahy Naylor, LLC
Courier Capital, LCC
HNP Capital, LLC
Individually or collectively referenced as the Company

Purpose

To provide a general statement of the expectations regarding the ethical standards that the CEO, CFO and all other individuals responsible for financial reporting on behalf of the Company, collectively “Financial Officers” of the Company are required to follow. The Company’s reputation is dependent upon the good judgment, ethical standards and personal integrity of every individual in our Company. It is of paramount importance that our Financial Officers always conduct their day-to-day activities in an ethical and responsible manner. This policy and its implementing procedures and processes are followed to comply with the Sarbanes Oxley Act section 406 and SEC and NASDAQ requirements.

Scope

The Financial Officers hold an important role in corporate governance. The Financial Officers are vested with both the responsibility and authority to protect, balance and preserve the interests of all of the Company’s stakeholders, including shareholders, clients, employees, and suppliers of the communities in which business is conducted. The Financial Officers fulfill this responsibility by prescribing and enforcing the policies and procedures employed in the operation of the organization’s financial department. The Financial Officers will be required to review and acknowledge this policy on an annual basis.

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Policy

The Financial Officers conduct in conformance with this policy will be demonstrated by the following:

Honest and Ethical Conduct

The Financial Officers will exhibit and promote the highest standards of ethical conduct through the establishment and operation of policies and procedures that:

- Encourage and reward professional integrity in all aspects of the financial organization, by eliminating inhibitions and barriers to responsible behavior such as coercion, fear of reprisal, or alienation from the organization itself.
- Prohibit and eliminate the appearance or occurrence of conflicts between what is in the best interest of the organization and its shareholders, and what could result in material personal gain.
- Demonstrate their personal support for such policies and procedures through periodic communications reinforcing these ethical standards throughout the financial department.

Financial Records and Periodic Reports

The CFO will establish and manage the organization's transaction and reporting systems and procedures to ensure that:

- Business transactions are properly authorized and completely and accurately recorded on the Company's books and records in accordance with Generally Accepted Accounting Principles (GAAP) and established Company
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financial policy.

- The retention or proper disposal of Company records shall be in accordance with established financial policies of the organization and applicable legal and regulatory requirements.
- To the extent consistent with applicable legal and regulatory requirements, periodic financial communications and reports will be delivered in a manner that facilitates the highest degree of clarity of content and meaning so that readers and users will quickly and accurately determine their significance and consequence.

Compliance with Applicable Laws, Rules and Regulations

The CEO and CFO will establish and maintain mechanisms to:

- Educate members of the financial department about any federal, state or local statute, regulation, or administrative procedure that affects the operation of the financial department and the organization generally.
- Monitor the compliance of the finance department with any applicable federal, state or local statute regulation or administrative rule.
- Identify, report and correct in a swift and certain manner, any detected deviations from applicable federal, state or local statute or regulation.

*This Policy should be read in conjunction with the Code of Business Ethics and Conduct Policy and the Whistleblower Policy.

Owner

Chief Compliance Officer

Approvals

Chief Financial Officer, Chief Executive Officer and Board of Directors

Date

December 19, 2018
