



Five Star Bank **POLICY**

Title Whistleblower Policy

Entity Financial Institutions, Inc.
Five Star Bank
Financial Institutions, Inc.
SDN Insurance Agency, LLC
Courier Capital, LLC
HNP Capital, LLC
Five Star REIT, Inc.
Individually or collectively referenced as the Company

Purpose To outline the receipt, review, investigation, response, retention, and treatment of complaints or concerns received by the Company as outlined in this Policy regarding (a) financial matters, including, but not limited to: irregular accounting methods; internal accounting controls and procedures; irregular internal or external auditing conduct; unusual or dubious payments, amounts or arrangements; violations of state or federal securities laws (including Sarbanes-Oxley or Dodd-Frank); or violations of the Company's Code of Ethics for CFO, Senior Financial Officers and CEO ("Financial Concerns"); or (b) alleged violations by any Company director, officer or employee of the Company's Code of Business Conduct and Ethics ("Ethical Concerns"). This Policy is intended to comply with the requirements of Section 301 of the Sarbanes-Oxley Act and Section 922 of the Dodd-Frank Act.

Scope This Policy covers all Company employees, directors, and officers. This Policy outlines the reporting process for concerns and complaints and the protection against retaliation for reporting. This Policy should be read in conjunction with the Code of Business Conduct and Ethics and Code of Ethics for CFO, Senior Financial Officers and CEO.

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Reporting Suspected Violations

Note: While the intent of this Policy relates to processing financial and ethical complaints, it is recognized that complaints and concerns which are not Financial or Ethical Concerns, including concerns about employment, operational or consumer law matters, may be submitted through the described processes as well. Accordingly, the Policy includes a process for identifying complaints that are not Financial or Ethical Concerns. Once referred, these complaints are handled through existing complaint investigation and resolution processes.

Complaints or concerns regarding Financial or Ethical Concerns may be made in one of the following 4 manners:

1. The Chief Human Resources Officer ("CHRO");
2. General Counsel;
3. HR Business Partner;
4. Third Party Independent Hotline

The Company has also established a mechanism for confidential and/or anonymous submission of financial reporting concerns through an independent third party, "Red Flag Reporting". Red Flag Reporting provides a hotline (1-877-647-3335) and a web-site (redflagreporting.com) that are accessible by staff in all of the Company's locations 24 hours a day, 7 days a week. The *client code* used to identify Financial Institutions and its subsidiaries is **8772678625**.

All complaints received through the Hotline will be sent to the HR Business Partner.

If a complainant desires to discuss the situation in greater detail, he/she can provide contact information. If a complainant would like to keep their identity anonymous, they should place

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communication in a sealed envelope addressed to the CHRO with “confidential and anonymous” on the outside of the envelope or call the Red Flag Reporting line. Complainants are encouraged to report complaints or concerns as soon as possible. Although complainants are not expected to prove the truth of an allegation, they should be able to demonstrate that the report is being made in good faith with reasonable factual support.

Nothing under this Policy is intended to prevent an individual from reporting information to the appropriate government agency, such as the Securities and Exchange Commission or Department of Justice, when the employee has reasonable cause to believe that a violation of law has occurred.

Investigation Process

Upon receipt of a complaint or concern through one of the four means outlined above, the CHRO will be promptly notified of the complaint. The CHRO or HR Business Partner, in consultation with the Company’s Officer of General Counsel, will investigate and involve all applicable stakeholders into the investigation and resolution (i.e. Compliance, Legal, Audit, etc.). The Chief Administration Office, regardless of participation level, must be consulted in a timely manner relative to all complaints received to ascertain whether mandatory regulatory reporting and subsequent updates are required.

The specific action taken in any matter depends on the nature and gravity of the conduct or circumstances reported and the facts determined during the investigation. Persons responsible for misconduct, or those failing to cooperate or who provide false information during an investigation, will be subject to discipline, which may include termination. If appropriate and during the

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investigation it is determined that the results of an investigation so warrant, the Company may refer the matter to the Securities and Exchange Commission, United States Department of Justice, New York Attorney General's Office or other law enforcement or federal or state governmental agency, as necessary.

Financial Concerns and Ethical Concerns shall be processed and resolved in a timely manner, and the complainant shall be notified that a resolution has been reached. If the resolution involves any discipline or censure of any director, officer, employee or vendor of the Company, the CEO and the appropriate department head shall be advised of the matter, respecting the confidentiality or anonymity of the complainant, if requested.

Reporting

Any complaint or concern that is received by the CHRO pursuant to this policy shall be logged by the HR Business Partner. This log will contain the nature of the complaint, parties involved in the investigation of the complaint, information that was obtained during the investigation and resolution of the complaint. The CHRO will report this log to the Chief Risk Officer who will report this information to the Audit Committee of the Board of Directors of the Company ("Board's Audit Committee").

Access to Complaints

All complaints and concerns and all information disclosed during the course of the investigation will remain confidential, except as necessary to conduct and conclude the investigation, correct any violative conduct, and, if appropriate, take legal action. All reports and records associated with this Policy will be restricted to the CHRO, HR Business Partner, the employees of the Company involved in the

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investigation, the Board's Audit Committee and the Office of General Counsel.

Retaliation

The Company will not retaliate, and shall not tolerate any retaliation by any member of management, employee or any other person, against an employee in the terms and conditions of employment, because of any lawful act of such employee with respect to good faith reporting of complaints or concerns pursuant to this Policy or participating in an investigation conducted under this Policy. If an employee or vendor believes that he or she has been or will be retaliated against, the employee or vendor should immediately report those facts to the CHRO.

Notwithstanding anything else in this Policy, when necessary to ensure the integrity, completeness and confidentiality of an investigation or determination undertaken pursuant to this Policy, the CHRO or Office of General Counsel may limit the participation, whether in part or in whole, any individual in any such investigation or determination.

Waivers

The provisions of this Policy may not be waived for any director, officer, or employee.

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Owner

Chief Human Resource Officer

Approvals

Board of Directors

Date

Updated by the Board of Directors on April 24, 2019
