

# SB One Bank

**CODE OF CONDUCT**

**July 2019**

To the Directors and Staff of the SB One Bancorp and Its Subsidiaries:

We have formulated a Code of Conduct in recognition of the fact that the success of our fine institution is solely based upon maintaining a high level of public trust. The preservation of that trust continues to be of paramount importance to us all. Clearly, our activities, both personal and institutional, must be conducted at all times in accordance with the highest principles of honesty and integrity. We periodically re-examine the Code of Conduct to ensure that its provisions are relevant, necessary and complete. The Code identifies those particular responsibilities that each of us must assume to merit public confidence and in a manner that do not unduly restrict our personal affairs.

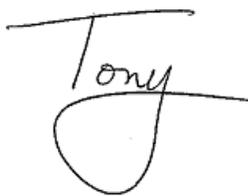
No concise set of rules can precisely detail every circumstance in which they may apply, but the Code does provide essential guideposts, and in certain instances, specific directions for you to follow.

We ask that you read our Code of Conduct carefully. Note that certain individuals are designated to provide guidance on various aspects of the Code; you should counsel with those individuals as the need arises.

The attached acknowledgment of your receipt and understanding of the Code and its intent should be signed and returned to the Human Resource Department.

We trust that you share in our conviction that compliance with our Code of Conduct by each individual is critically important.

The SB One Bancorp has earned an outstanding reputation over the years – it reflects the conduct of each of us in everything we do. We count on every member of our staff to maintain these high personal and individual standards as we go forward.

A handwritten signature in black ink that reads "Tony". The signature is stylized, with a long horizontal line above the "T" and a large loop at the bottom.

Anthony Labozzetta

President/CEO

**SB ONE BANCORP**

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# Definitions

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## **COMPANY:**

The SB One Bancorp and its wholly owned subsidiaries.

The SB One Bancorp and all direct and indirect subsidiaries and limited partnerships and limited liability companies currently existing or hereafter formed or acquired.

## **STAFF MEMBER:**

Each officer and employee of the Holding Company and its Subsidiaries.

Each officer and employee of the Holding Company and all subsidiaries, and limited partnership and limited liability companies.

## **DIRECTOR:**

"Director" includes (1) any director of the holding company, whether or not receiving compensation, and (2) any director of any other subsidiary. An advisory director is excluded if the advisory director (1) is not elected by the shareholders, (2) is not authorized to vote on matters before the board of directors, and (3) solely provides general policy advice to the board of directors.

## **EXECUTIVE OFFICER:**

"Executive Officer" means a person who participates or has authority to participate in (other than as director) major policy making functions whether or not the person has a title or receives compensation. Included are the chairman of the board, the president, every executive vice president, the secretary and the treasurer unless any of these persons are excluded by resolution of the board of directors or bylaws from participation in major policy making, and they, in fact, do not so participate.

## **RELATED INTEREST:**

"Related interest" means a company that is controlled by a person or a political campaign committee controlled by or benefiting a person.

## **ORGANIZATION:**

Any corporation partnership, association, joint venture, club, or other society or entity, either formal or otherwise.

## IMMEDIATE FAMILY:

"Immediate Family" means the individual's spouse, minor children, and any child or adult residing in the individual's home.

## PREAMBLE

This Code of Conduct is applicable to all directors and staff members of the SB One Bancorp and its wholly owned subsidiaries to whom and with whom confidential and proprietary information is provided and who is or may be authorized now or anytime in the future to act in a representative capacity on its behalf.

# Confidential and Proprietary Information

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## CONFIDENTIAL AND PROPRIETARY INFORMATION

Confidential and proprietary information shall not be divulged to others. Confidential and proprietary information is information generally not available to the public. It includes, but is not limited to, the affairs and business transactions of the SB One Bancorp, its present, past and prospective customers, its suppliers, its shareholders and its staff members. Proprietary information includes, but is not limited to, products and services, methods, systems, reports, analyses, financial data, business plans, marketing methods, strategies, customer lists, passwords, combinations, codewords and/or all information electronically retained.

## INTERDEPARTMENTAL USE OF CUSTOMER INFORMATION

Disclosure of such information inside SB One Bancorp, "the Company," is limited to those persons whose duties require and permit them to have access to it. Such persons, in turn, are responsible for maintaining its confidentiality.

The misuse of confidential information concerning customers can result in civil penalties against the Company and against the individuals responsible for disclosing such information.

## RELEASE OF CUSTOMER INFORMATION

Confidentiality has always been an essential part of the financial industry. Our customers give us a great deal of sensitive information about themselves and trust us to keep this information confidential. It is your responsibility to safeguard information about the customer. Information you acquire through your employment must be held in the strictest confidence. It must not be disclosed to anyone else, including family members or even another employee, unless the employee has a legitimate business reason for obtaining the information in order to perform his or her duties.

Routine credit information concerning a customer requested by personnel within the Company in the ordinary process of a credit inquiry may be provided, without prior consent of the customer involved.

Other normal, routine information concerning a customer may be released to persons outside of the Company only with the prior knowledge and consent of the customer. Any non-routine request for information concerning a customer, including requests pursuant to legal process (such as subpoenas or court orders), must be promptly referred to the President or his representative. In those circumstances, no information may be released nor should the customer involved be contacted by the staff member without the expressed written approval of the President or his authorized representative.

Customer information must be safeguarded at all times. Employees must not access customer information unless there is a business reason to do so. Indiscriminate handling of documents and discussion of business in public or common areas such as elevators, hallways, lunch areas, inside or outside of the bank, should be avoided. For additional information, please refer to the Bank's Privacy Notice, Privacy Policy and Information Security Policy. All customer information should be kept in such a way as to ensure that information is not accessible by unauthorized individuals.

## PERSONAL USE OF CONFIDENTIAL INFORMATION

Confidential information obtained as a result of employment with SB One Bancorp is not to be used to further any private interest or as a means of obtaining any benefits for one's self or any other person. Use or disclosure of such information could result in civil or criminal penalties both against company personnel and SB One Bancorp.

## DISCLOSURE

The details of all relationships between the company, its customers and others with whom it does business must be fully disclosed; both to SB One Bancorp, the customer, the regulatory agencies, and other appropriate parties such as Bank's independent and internal auditors and attorneys. There must be no secret agreements or side arrangements between the Company, a director, officer, an employee, a customer of the Company, suppliers, or other third parties regarding relationships between the Company and its customers. All details of the Company's relationship and transactions with customers, others with whom it does business, or for its own account must be entered in its records.

# BUSINESS CONDUCT

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## BUSINESS DECISIONS

A director or staff member must not permit a decision about whether the Company will do business with a customer, prospect or supplier to be influenced by unrelated interests. Sound business considerations and objective judgment must be the basis for entering into business relationships with customers, prospects and suppliers and for the conduct of the transactions that are part of those relationships.

## BOOKS, RECORDS AND ACCOUNTS

The integrity of all Company records is essential. Directors or staff members responsible for keeping any books, records, and accounts for the Company are required to accurately record all entries based upon proper supporting documents so that the records of the Company are maintained in complete detail to reflect accurately and fairly all transactions concerning the Company as well as the disposition of its assets and liabilities. Falsifying any Company record is strictly prohibited, and may involve a violation of law and/or federal regulation in addition to being a violation of this Code of Conduct. Similarly, destroying any Company records, or altering any Company records, in order to impede any internal or external review or investigation is strictly prohibited and a violation of this Code of Conduct, and may also involve a violation of law and/or federal regulation.

## IMPROPER PAYMENTS

In the conduct of the business, no director or staff member shall give, offer or promise anything of value or a favor in any form to any individual or organization with the intent of influencing such individual or organization in obtaining or retaining business for, or directing business to, SB One Bancorp.

Likewise, no director or staff member shall accept, solicit, demand or agree to accept anything of value or a favor in any form from any individual or organization in obtaining or retaining business for or directing business to the Company (See Presenting and Accepting Gifts).

Improper payments include but are not limited to secret or illegal payments, bribes, kickbacks or other payments, gifts, gratuities, service, loan, legacy (except from a relative), fee, compensation or favors in any form whatsoever at any time to obtain any benefit for the Company, director or staff member or any other individual or organization that would not be otherwise available.

SB One Bancorp is subject to the provisions of state and federal bribery statutes. It is imperative that all directors and staff members be aware of and be guided by the Company's rule on improper payment; failure to do so may prove to be a criminal offense and will subject individuals and the Company to fines and severe penalties.

## PRESENTING AND ACCEPTING GIFTS

Presenting and/or accepting gifts are strictly limited to the following:

In certain situations, standards of common sense, prudence and courtesy will dictate that it is appropriate for the Company to present a gift, entertainment or other accommodation to a customer, prospect, or supplier. Directors and staff members must use careful judgment to assure that the matter is handled in good taste without excessive expense. All gifts, including the identification of recipient and the exact nature thereof, must be approved by the President before any gift is delivered.

In receiving gifts involving normal business courtesies, such as a meal, theater, or sporting events involving no more than ordinary amenities are to be accepted. Any gift over \$125.00 in value, either individually or cumulative, may be considered extraordinary and requires the prior approval of the President.

Special care must be exercised in determining whether a personal gift is permissible. Therefore, any question as to whether a particular personal benefit might be construed as improperly influencing one's duties must be referred to the President.

## COMPLIANCE

The activities of SB One Bancorp must always be in full compliance with applicable laws and regulations. To ensure compliance, the Company periodically issues bulletins, manuals and memoranda which outline the appropriate procedures which must be followed. All such materials are expected to be read when issued and should be periodically reviewed.

## NON-DISCRIMINATION

Directors or staff members must deal with customers, prospects, suppliers, and other employees without any discrimination because of race, creed, sex, national origin, marital status, age or related criteria. All business decisions shall be considered uniformly on their own merits.

## POLITICS

Legislation prohibits SB One Bancorp or anyone acting on its behalf from making an expenditure or contribution of cash or anything else of monetary value which directly or indirectly is in connection with an election to political office. Examples of such expenditures include but are not limited to granting loans at preferential rates, providing non-financial support to a political candidate or party by donating office facilities, and compensating employees for time spent during working hours on political activity.

## COMPETITION

In its many business activities, SB One Bancorp engages in vigorous, but fair and ethical competition. The Company excludes all practices which are anti-competitive, illegal or unethical. Discussions and agreements, oral or written, with competitors concerning pricing or other competitive policies are prohibited. Directors or staff members must take special care to ensure that in meetings of trade associations and other banking/business groups, competitive policies and practices are not discussed.

## ARMS-LENGTH TRANSACTION WITH SUPPLIERS

All transactions with suppliers but not limited to buying, increasing or decreasing volume, changing suppliers and the like are to be made on the objective basis of what is in the best interest of the Company. Directors or staff members are not to be influenced or guided by any consideration of personal advantage to them or to any other individual either inside or outside the Company.

## CONFLICT OF INTEREST

On occasion, a relationship, either business, social or family, may arise involving Company business, including customers, prospective customers, suppliers, other directors and staff members and competitors of the Company with personnel employed by SB One Bancorp. In the event a situation

arises in which there is a possibility of a personal conflict, the matter is to be referred promptly to the President for resolution. Transactions involving an actual, potential or appearance of conflict will be assigned to other directors or staff members for disposition.

## Personal Finance

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The public expects that all personnel affiliated with SB One Bancorp practice the same degree of care in managing their personal finances as it expects from the Company in managing its own affairs and those of the public it serves. At all times, directors and staff members of SB One Bancorp are expected to manage their personal finances in such a way as to avoid any impropriety or wrongdoing as well as the suspicion of impropriety or wrongdoing.

Subject to the limitations set forth below, directors and staff members are welcomed and encouraged to open the same kinds of accounts and apply for the same types of loans as the SB One Bancorp offers to its other customers.

### Personal Investments

Directors and staff members are free to invest in securities at their discretion, provided such investments do not involve or appear to involve a conflict of interest, the use of confidential information (as detailed in Confidential and Proprietary Information).

### Borrowing

Directors, executive officers, or any related interest borrowings from any financial institution, including correspondent banks, must not involve favored treatment of any kind as specified by Regulation O. Thus, borrowings should be obtained on substantially the same terms, including rate of interest, as prevailing at the time for comparable loans to other borrowers.

### Overdrafts

Directors and SB One Bancorp staff members are not permitted to become liable to SB One Bancorp by an overdraft in excess of our policy against a deposit account unless the payment of funds is made in accordance with the pre-approved credit line as specified in Regulation O.

# Conflict Of Interest

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## Personal Interest

A director or staff member must not represent the Company in any transaction if the personal or related interests of the director or staff member might affect his or her ability to represent the Company's interests fairly and impartially unless the potential conflict of interest is revealed to the company and any other interested party in advance and approved in writing. In the event a situation arises in which there is the possibility of a personal conflict, the matter is to be referred promptly to the President for resolution. Transactions involving an actual, potential, or appearance of conflict will be assigned to other directors or staff members for disposition.

## Limits on Authority

Directors and staff members are not to grant direct or indirect credit accommodations or make credit recommendations or vote with respect to:

- Themselves, their immediate family, or other persons related by blood or marriage;
- Any individual or organization lending money to or employing them, or, to the best of their knowledge, their immediate family or other persons related by blood or marriage;
- Any individual or organization with which they or, to the best of their knowledge, their immediate family or other persons related by blood or marriage, are associated in which a financial interest is held.

Directors and staff members are not to sign any document on behalf of SB One Bancorp nor in any way to represent or exercise authority on behalf of the Company unless specifically authorized to do so by the Company. Directors and staff members may not use any property of the Company for personal use or use the Company's name or any of its resources to enhance their own opportunities in personal transactions or outside relationships.

## The Purchase of Assets from SB One Bancorp

Directors, staff members and their immediate families, whether acting individually or in a fiduciary capacity, are not permitted to sell assets to or purchase assets from SB One Bancorp or any estate being administered by the Company without prior consent by the President or Board of Directors, unless such assets are being offered at public sale or public auction, or the purchase or sale has been approved by a court having jurisdiction.

# Outside Activities

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## Charitable Activities

Directors and staff members may serve as volunteers, without compensation, in the capacity of director, trustee, officer, member or representative of non-profit organizations such as school boards, hospitals, churches and social organizations without obtaining prior approval of the President, provided there are no points of conflict with SB One Bancorp and with their employment with the Company.

## Political Activities

Individual participation in political and civic activities conducted outside normal business hours, including making personal contributions to political candidates or activities is a matter of individual choice not considered part of the performance on behalf of the Company subject to this Code of Conduct. However, no director or staff member may allow SB One Bancorp's name or reputation to be used in connection with any political activity except that one who is a candidate for elective office may indicate that she or he is employed by or Director of SB One Bancorp.

Because of the possibility for conflict of interest and the time demand of holding public office, any director or staff member should first notify the Board of Directors or President prior to seeking public office or accepting a public appointment. Such notification must be set forth stating the particulars of the office or appointment to be held and all relevant circumstances.

## Civil Activities

Generally, employees must avoid any outside interests or civil activism that will imply company sponsorship.

## Legal Proceedings

Each director and staff member must immediately inform the President of any court or other legal proceeding which in any way arises out of his/her Company affiliation or otherwise involves financial matters or alleged criminal activities that could reflect on SB One Bancorp. Examples of such proceedings would be bankruptcy filings, suits for non-payment of alleged debts, criminal proceedings, and court appearances in civil or criminal proceedings as a party or witness.

# Use of Electronic Property

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The voice-mail system and all related computer equipment are the property of SB One Bancorp, and will be used for business purposes only. Their use for personal or non-business purposes is not permitted.

Messages and materials composed, sent or received on such equipment or contained or stored in such equipment are and remain the property of SB One Bancorp. They are not the property of employees, and employees do not have a privacy right in such messages or material.

The Company has and will exercise the right to read, inspect, retrieve, monitor, disclose and delete any communication that is created, sent or received in the e-mail and voice-mail systems for any purpose. The contents of such communication may be divulged by the Company without the permission of the employee.

An employee may not use an unauthorized code, password or other means to gain, or attempt to gain, access to another employee's workplace communications or SB One Bancorp electronic data, nor may an employee disclose his password to another person.

The sending of e-mail messages that contain offensive, hostile, disruptive or inappropriate language, or which otherwise violate a company policy, is forbidden. E-mail cannot be used to solicit for or otherwise aid any non-company commercial venture, activity, cause or organization.

What is said on the internet, whether via e-mail, newsgroups, social media, or otherwise, may be seen and retained electronically by millions of other users. Staff members are not to make any comment that may be misrepresented as being the bank's position unless he/she is empowered as a spokesperson for the bank. The bank's confidentiality policies and social media policy described in the Personnel Manual must be adhered to in all communications. Staff members need to remember that readers on social media channels include current, former and potential customers as well as current, former and future employees.

## Return of Information When Employment Ends

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All documents, lists, directories, other writings and all other information obtained or created during employment or service as a director or employee shall be surrendered to the Company when employment or service ends. In addition, no copies whether paper or electronic shall be retained without the expressed written approval of the President or the information shared in any form with any person outside of the Company at any time in the future without such written permission.

## Administration of the Code Of Conduct

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### Whistle-Blower Policy

**All** employees of the company are encouraged to report either orally or in writing, in the manner described below, all evidence of any activity by a company department, employee or consultant or team

member that such employee reasonably, in good faith believes may constitute:

- Instances of corporate fraud;
- Unethical business conduct or a violation of the Code of Conduct;
- A violation of State or Federal law or regulation, including specifically any State or Federal banking law or regulation; or
- A violation of applicable accounting requirements.

Any employee who in good faith reports incidents described above will be protected from threats or retaliation, discharge, or other types of discrimination, including compensation or terms and conditions of employment, that are directly related to the disclosure of reports. In addition, no employee may be adversely affected because the employee refused to carry out a directive, which, in fact, constitutes corporate fraud or is a violation of State or Federal law or regulation. Any employee who wants to report evidence of alleged improper activity as described in this policy should contact Richard Glicini, EVP and Chief Administrative Officer at [rglicini@SBOne.bank](mailto:rglicini@SBOne.bank). Alternatively, employees can leave a detailed message for Richard Glicini and our Audit Committee Chair, Walter Loeffler, at 973-761-2827 or email [whistleblower@SBOne.bank](mailto:whistleblower@SBOne.bank). In instances where an employee is uncomfortable for any reason addressing concerns to Richard Glicini, the employee may contact Walter Loeffler at 973-283-4355, email address: [walter@bvausa.com](mailto:walter@bvausa.com) or mail to Walter Loeffler, 9 Bowers Drive, Mendham, New Jersey 07945. Personal and Confidential to be opened by addressee only. Employees are encouraged to provide as much information as possible including names, dates, places, and what action the team member recommends be taken. Anonymous communications will be accepted.

## VIOLATIONS AND PENALTIES

Violations of any of the provisions of this Code of Conduct, the Law or high ethical standards of SB One Bancorp will result in disciplinary action, including dismissal as well as any criminal or civil liability under applicable laws.

## AUTHORITY AND ACCOUNTABILITY

All directors and staff members are accountable for observing the spirit and the letter of the Code of Conduct. The President has overall authority and accountability for application, adherence to and enforcement of the Code of Conduct. The President may, from time to time, designate other individuals (such as Executive Vice Presidents, Vice Presidents and other officers) to act in his name and to exercise such authority and accountability.

# Annual Information, Meetings and Certification

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At the direction of the President, each department head annually shall meet with all staff members under her/his jurisdiction to review the Code of Conduct, ascertain that all staff members are aware of its content and discuss and resolve any questions arising there from. Each department head shall promptly certify in writing, to the President, that such meetings have been conducted.

## Senior Management Code of Ethics

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### POLICY

The directors and officers of the Company firmly believe that fair and ethical business practices are a fundamental part of business conduct. Further, the very nature of our business imposes special obligations that build a public trust. The Company is firmly committed to conducting business in a professional manner that clearly satisfies all moral and legal business obligations.

This Code of Ethics is designed to satisfy, and exceed, the requirements of Section 406 of the Sarbanes-Oxley Act of 2002 and Securities and Exchanges Commission ("SEC") regulations implementing those requirements. This code is designed to promote:

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- Full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with or submits to the SEC or NASDAQ and in the Company's other public communications;
- Compliance with all applicable laws, rules and regulations;
- Prompt internal reporting of violations or apparent violations of the Code in accordance with the section entitled " Procedure and Reporting" below; and
- Accountability for adherence to this Code.

This Code shall apply to all members of the Company's senior management, including members of the Board (whether or not employees), the Company's Chief Executive Officer, Chief Financial Officer and other financial and senior officers including those officers listed on Exhibit A hereto (the "Company Officers").

Under this Code of Ethics, the actions of all Company Officers shall be governed by the highest standards of integrity and fairness. Strict compliance with all applicable laws and regulations is the policy of the Company, and all decisions shall be made to honor the spirit and letter of all such laws and regulations.

Business shall be conducted honestly and ethically to effectively use the technical expertise, business skills and sound judgments needed to benefit customers and shareholders alike.

## PROCEDURE & REPORTING

When any individual associated with the Company, as an officer, Director, employee or otherwise, becomes aware of a known or suspected irregularity, illegality or violation of this Code of Ethics, that person is obligated to take action. This includes prompt reporting, which shall be in the form of an oral or written report to Adriano Duarte, who is a Executive Vice President of the Company, and whose telephone number is (844) 844-8958 and whose address is: 95 State Route 17 N, Suite 204, Paramus NJ 07652, or, in the alternative Anthony Labozzetta, Chief Executive Officer. In addition, any questions regarding the interpretation of this Code of Ethics may be directed to Adriano Duarte.

After reviewing any report of a known or suspected irregularity, illegality or violation of this Code of Ethics, Adriano Duarte or Anthony Labozzetta will report their findings to the Board of Directors of the Company for review and action, if appropriate. To the extent any such report involves the activities of a Board member; such Board member shall be excluded from the Board review and discussion. Failure to adhere to this Code of Ethics will result in disciplinary action, up to and including potential termination of employment for Company Officers who are employees. In addition, to the extent appropriate, the Board shall contact proper authorities to report any illegal conduct.

## CONFIDENTIAL & NON-PUBLIC INFORMATION

- It is very important for all Company Officers to appropriately safeguard the Company's confidential and non-public information and to refuse any improper access or improper or untimely disclosure of confidential or non-public information.
- Confidential or non-public information is any information, which at the time it is known, is not generally available to the public and which is useful or helpful to the Company, which would be useful or helpful to competitors of the Company or which would be deemed important to investors in deciding whether or not to trade in the Company's securities. Confidential or non-public information can include customer, employee, stockholder, supplier, financial or operational information and plans for stock splits, business acquisitions and mergers, or an important pending regulatory action.

- We should always be alert to inadvertent disclosures that may arise in either social conversations or in normal business relations with our suppliers and customers.
- Under SEC Regulation F-D, the Company may be subject to numerous requirements and obligations in the event that non-public information is selectively disclosed. Selective disclosure means disclosure to individuals or groups without a broad-based disclosure to the securities markets in general, either through the issuance of a press release or the filing of SEC Form 8-K. In order to limit the risk of an inadvertent disclosure and possible violation of SEC Regulation F-D, all inquiries and discussions regarding the Company, its operations, performance and prospects will be referred to EVP, Chief Financial Officer, who will determine whether the Company will respond to any requests for information or interview requests from members of the media, financial analysts, stockholders or others and which Company official will respond to such request. Company Officers should not respond to any such requests on their own without reporting the request to EVP, Chief Financial Officer and receiving direction.

## CONFLICTS OF INTEREST

- No Company Officer shall pursue or engage in any outside employment, business or other commercial activity, either during or outside of his Company work hours, which conflicts or competes directly or indirectly with his duties or responsibilities as a Company Officer, or with any business interests or activities of the Company. Engaging in activities that benefit family members or friends during Company work hours is also prohibited.
- We cannot illustrate every situation that may be considered a conflict of interest; however, we do expect each Company Officer to carefully consider if any of his or her actions during or outside of Company hours rise to the level of a conflict of interest. Even the appearance of a conflict of interest must be avoided.
- Company Officers have an affirmative obligation to disclose to EVP, Chief Financial Officer any interest, including but not limited to a financial interest, in any outside activities or business that may conflict or compete with those of the Company. This affirmative disclosure obligation extends to the immediate family member(s) of a Company Officer.
- At no time during Company working hours or on Company property shall any Company Officer engage in or pursue any non-company employment, business or commercial activity, or solicit Company customers or Company Officers for any profit-making purpose.
- No vendor or consultant shall be retained to perform services for the Company where a Company Officer is related to, lives with or is in a relationship with the

consultant or vendor, without the express permission of the CEO. Any such existing relationships must be immediately disclosed to EVP, Chief Financial Officer.

## GIFTS, MEALS AND ENTERTAINMENT

- Socializing is a normal and accepted component of conducting certain facets of the Company's business; however, Company Officers must not permit this to compromise a business judgment or give even the appearance of impropriety. Therefore, giving, accepting, soliciting or offering, or authorizing, directly or indirectly, gifts, favors or entertainment, or other consideration, of significant value, in transactions with customers, suppliers, vendors and all other organizations or individuals doing or seeking to do business with the Company, is prohibited. Any consideration is of significant value if it could or does result in any appearance of impropriety, if it could compromise the decision of any Company Officer in exercising a business judgment or if its acceptance is detrimental, in any way, to the Company.
- In addition, **no** transactions with any of the groups mentioned above shall involve:
  - Monetary payments, gift certificates, or credit arrangements
  - Receipt of any materials or services at less than actual cost, or
  - Actions that result in a conflict of interest or the appearance thereof.
- Typically, this policy does not prohibit the **occasional** lunch or dinner, golf outing, sporting or fund-raising event, or vendor conference. However, if receipt of any of the above occurs on a **regular** basis, the Company would be concerned that the meals, events or outings could be provided for an improper purpose and/or could create the appearance of impropriety. Therefore, in order for us to provide guidance to those who may be unsure as to what is or is not acceptable and to monitor the actions of the individuals and groups mentioned above, Company Officers must report the receipt of **any and all gifts or consideration** received to determine what patterns, if any, may exist. All Company Officers must report to EVP, Chief Financial Officer as soon as practicable, the receipt of any and all consideration from any customer, supplier, vendor or anyone with whom we do business, or anyone who may be seeking to do business with the Company.

## SECURITIES FRAUD AND INSIDER TRADING

- It is both illegal and against Company policy for any individual to profit from undisclosed information relating to the Company or any company with which we do business. Anyone who is in possession of any material nonpublic information ("inside information") that the Company has not yet disclosed to the public may not

purchase or sell any of the Company's securities. Also, it is against Company policy for any Company Officer who may have inside or unpublished knowledge about any of our suppliers, customers, or any company we do business with to purchase or sell the securities of those companies.

- It is clearly against Company policy, and possibly illegal as well, to trade the Company's securities or the securities of any other company, in a way which attempts to hide the true identity of the trader or to mislead others as to exactly who is doing the trading. Any Company Officer trading in the Company's securities or the securities of other companies, using fictitious names, names of relatives or friends, or brokerage accounts under fictitious names located in foreign jurisdictions shall be subject to immediate disciplinary action. Should the Company discover any such trading; it will disclose it to the appropriate authorities.

## SECURITIES AND EXCHANGE COMMISSION REPORTING

- As a publicly traded company subject to the Securities Exchange Act of 1934, the Company has an obligation to file various reports and documents with the SEC and NASDAQ, and to generally make public material information about the Company. The Company is committed to providing full, fair, accurate, timely and understandable disclosure to the trading markets. In furtherance of this commitment, the Company has formed its Management Disclosure Committee to review the Company's periodic filings with the SEC. Any Company Officer who knows or believes that any of the Company's filings or proposed filings with the SEC contain inaccurate information, or omit to include information which is material to an investor's understanding of the Company, its operations and prospects, is required to notify the Management Disclosure Committee, or any member thereof, of the Corporate Officer's concerns.

## IMPROPER INFLUENCE ON CONDUCT OF AUDITS

In compliance with the requirements of Section 303 of the Sarbanes Oxley Act of 2002, no director or officer of the Company, or any other person acting under the direction of an officer or director of the Company, may take any action to fraudulently influence, coerce, manipulate or mislead any independent or certified accountant engaged in the performance of an audit of the Company's financial statements for the purpose of rendering the Company's financial statements materially misleading, and any such action shall be a violation of this Code of Conduct, in addition to constituting a violation of Federal law.

## WAIVERS FROM THE CODE OF CONDUCT

- Waivers from the requirements of this Code of Ethics may only be issued by the Audit Committee of the Board of Directors. The Corporate Officer wishing to request a waiver

of any provision in this Code of Ethics must provide a detailed written statement to the Audit Committee explaining the anticipated facts and circumstances which the Corporate Officer believes make a waiver appropriate. It is expected that waivers will rarely, if ever, be issued, and only prospectively, not retroactively.

- In the unlikely event that the Audit Committee issues a waiver from the requirements of this Code of Ethics, or in the event this Code of Ethics is otherwise changed or amended, the Company shall promptly provide public notice of such waiver, change or amendment in accordance with the requirements of SEC Release 33-8177.

**REPORT OF INTEREST/RECEIPT OF GIFT OR OTHER  
CONSIDERATION**

Name of Company Insider: \_\_\_\_\_

***(Fill in each of the following sections which apply to this report)***

Entity or Activity in Which You Have an  
Interest: \_\_\_\_\_

Nature of  
Interest: \_\_\_\_\_

Nature of Potential Conflict or  
Competition: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Name of Vendor Providing Gift or  
Consideration: \_\_\_\_\_

Description of Gift/Consideration (please provide sufficient details to allow a  
determination of whether the gift/consideration is material, i.e. in the event of sports  
tickets, the event and number of tickets, for meals the restaurant and whether family  
members were part of the party):  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## **EXHIBIT A**

Board of Directors

President and CEO

Senior Executive Vice President

Executive Vice President

Officer of Tri-State Insurance

First Vice President

Senior Vice President

Vice President

Business Development Officer

Secretary of the Board