

1st Enterprise Bank Code of Ethics

I. INTRODUCTION

This Code of Ethics (the “Code”) has been prepared to reflect the ongoing commitment of 1st Enterprise Bank (the “Bank”) to maintain the highest ethical standards in all Bank business. The Code is intended to reflect compliance with all applicable governmental laws, rules and regulations, as well as voluntary compliance with certain provisions of the Sarbanes-Oxley Act of 2002 and SEC regulations promulgated thereunder. This Code of Ethics applies to the extent possible to all directors, officers and employees of the Bank (collectively “staff members”). More specifically, it applies equally to the Chief Executive Officer, the President, the Chief Financial Officer, and any other senior financial officers of the Bank, as it does to all other officers and employees of the Bank. In addition, non-employee directors of the Bank are required to comply with all provisions of the Code which are logically and legally capable of applying to them. Because this Code of Ethics imposes important ethical obligations on all of the Bank’s directors, officers and employees, it is imperative that everyone read the Code carefully.

All staff members and directors are expected to treat compliance with ethical standards, as well as laws and regulations, as a critical element of their duties and responsibilities to the Bank. Everyone will be expected, as a condition of employment, to read the Code and to sign the attached Acknowledgment, indicating their understanding of and agreement to all of the terms of the Code. Anyone with a question regarding any aspect of the Code, either when they read it for the first time or at any time thereafter, must address their questions to the Chief Executive Officer, President or Chief Financial Officer or other appropriate person as discussed further below. Nothing in the Code is intended to alter the nature of the at-will relationship which exists between the Bank and all of its officers and employees who are not subject to written employment agreements. If any provision of this Code of Ethics or the Bank’s policy conflicts with applicable law or regulations, the one with the higher standard will apply, except in cases where doing so would cause non-compliance with such laws or regulations.

II. GENERAL POLICY STATEMENT

It is the Bank’s policy to conduct its business in accordance with the highest ethical standards to comply with all applicable laws and regulations, and to merit and maintain the complete confidence and trust of its customers and the public in general. All staff members are expected to conduct all of their business and personal affairs and to manage all business transactions in a manner which reflects positively on the Bank’s reputation in the industry and in the communities in which it does business. The Code is intended to address both business and personal relationships which may present potential legal and ethical concerns for anyone affiliated with the Bank. It also sets forth a code of conduct to guide staff members. The term “staff member” is intended to refer to all officers, employees and (where applicable) non-employee directors of the Bank.

A. Compliance with Laws and Regulations

It is the Bank’s policy to comply fully with the spirit and intent of all applicable governmental laws, rules and regulations. The Bank expects all of its staff members to exercise good judgment and to exhibit the highest standards of honest and ethical conduct at all times. All directors, officers and employees are expected to refrain from engaging in any form of illegal, dishonest or unethical conduct.

B. Administration of the Code of Ethics

Each staff member is responsible for becoming familiar with the Code. Supervising officers are expected to make every reasonable effort to ensure that they themselves and all of their subordinate staff comply with the provisions of the Code. Any supervising officer who encounters a situation in which a subordinate staff member has failed to comply with the Code must immediately report the situation to the Chief Executive Officer, President or Chief Financial Officer.

The Audit Committee (with respect to auditing and accounting related matters) and the Compensation Committee (with respect to all other matters) shall have the ultimate responsibility for determining matters of interpretation with respect to the Code, and for making all final decisions concerning disciplinary actions if applicable. The day-to-day administration and implementation of the Code, as well as the distribution of any periodic changes to the Code to staff members, shall be the responsibility of the Chief Executive Officer, who may

in his discretion delegate such duties, but not the responsibility therefor, to the President or the Chief Financial Officer.

If a staff member is unsure of what to do in any situation, he or she should always seek additional guidance and information before acting. **Staff members should always try to use their good judgment and common sense; if something seems improper, it probably is.** If a staff member has a question or concern about any accounting-related issues, he or she should ask, the Chief Executive Officer, President or Chief Financial Officer or, at the staff member's option, the Chairman of the Audit Committee. (The current Chairman of the Audit Committee is Frank Ferri, telephone (818) 244-7544.) For all other types of questions, the staff member should first address the question to his or her immediate supervisor. If a supervisor has a question regarding the interpretation or applicability of any provision of the Code to a particular situation, such supervisor should immediately seek the advice of the Chief Executive Officer, President or Chief Financial Officer.

Any staff member who violates any provision of the Code may be subject to discipline, up to and including termination.

III. COMPANY RECORDS AND REPORTING

It is imperative that all records, data and information used and managed by the Bank be kept current, accurate and complete. Each staff member is personally responsible for the integrity of the information, reports and records under his or her control. Records must be maintained with a sufficient level of detail to accurately reflect the Bank's transactions.

In keeping with their legal and ethical obligations, all staff members who are involved in any manner with the preparation and/or filing of any reports or documents that the Bank is required to file or submit to any governmental agency, including but not limited to the Department of Financial Institutions and the Federal Deposit Insurance Corporation, are expected to make full, fair, accurate and timely and understandable disclosure in all such reports. In furtherance of this objective, all staff members must maintain accurate Bank records and retain them in accordance with the law. This obligation to insure full, fair, accurate and timely and understandable disclosure also extends to any public communication made by the Bank.

The falsification of any of the Bank's books, records or documents will result in immediate dismissal. In addition, falsification of Bank books and records is a felony under applicable laws.

Staff members are expected to exercise good judgment and standards when creating any Bank records, including e-mail. When creating any records or documents, staff members should keep in mind that such records may need to be interpreted at a later time with the benefit of hindsight and/or the disadvantage of imperfect recollections or the lack of availability of the author to shed light on the written records.

Staff members are required to fully cooperate with audits conducted by the Bank's internal audit staff, external auditing firm or state and federal regulatory examiners. Questions raised by the auditors or examiners must be answered honestly and no adverse information may be concealed.

Staff members are required to cooperate fully with any appropriately authorized internal or external investigations. The making of any false statement to or misleading of internal or external auditors, Bank representatives or regulators can be a crime and may result in severe penalties. Staff members should never withhold information that may seem to raise an ethical issue, but should immediately contact their supervisor, the Chief Executive Officer, President or Chief Financial Officer, or the Chairman of either the Audit Committee or Compensation Committee, depending on the nature of the issue involved.

Staff members shall follow all specified Bank guidelines and procedures with respect to the retention of records. **While in general records should be maintained for specified time periods in accordance with Bank policy, a staff member must never, regardless of time, destroy any records which could potentially be relevant to any violation of law, any litigation, or any pending, threatened or foreseeable government investigation or proceeding.**

IV. PROTECTING CORPORATE ASSETS

Staff members are responsible for safeguarding the tangible and intangible assets of the Bank and its customers. Staff members should never use company assets for their personal benefit except as specifically permitted by the Bank. Bank assets include cash, securities, business plans, customer information, intellectual property (computer programs, models and other items), physical property and services. Misappropriation of corporate assets is a breach of fiduciary duty and in some cases can amount to fraud against the Bank. Carelessness or waste of corporate assets can also be a breach of duty to the Bank.

Staff members should always remember that the Bank's telephone, e-mail and voice mail systems are to be used primarily for business purposes, and that such systems should never be used in a way that could be harmful or embarrassing to the Bank. Staff members should limit personal communications to a minimum.

V. CONFLICTS OF INTEREST

A. General Policy

One of the purposes of this Code of Ethics is to remind all staff members of the importance of avoiding any actual **or apparent** conflict of interest in any transaction involving the Bank. A conflict of interest is defined as a staff member's involvement in any outside interest or activity which conflicts with the staff member's duty to the Bank, appears to conflict with such duties, or may adversely affect the staff member's judgment in the performance of his or her responsibilities to the Bank.

Staff members must not engage in any personal or business conduct which has even the potential or appearance of conflicting with the interests of the Bank. All staff members are required to disclose to their supervisor any potential conflict of interest, including one in which they have been unintentionally placed as a result of a business or personal relationship with a customer, supplier, business associate or competitor of the Bank. (All potential new employees or directors must be asked before commencing employment or serving as a director whether they have any pre-existing relationship or investment which might present a potential conflict of interest, so that appropriate action can be taken if necessary prior to such employment or service.) The supervisor will review the situation with the next appropriate level of management and advise the staff member as to the proper course of conduct. Contemporaneous written records of all such disclosures will be retained by the Bank in keeping with all applicable legal requirements. Any supervisory employee who encounters a potential or actual conflict of interest must disclose the situation to the next appropriate level of management who will review the situation and advise the supervisory employee as to the proper course of conduct. All staff members must contact either their supervisor or the next appropriate level of management in the chain of command if they have any question about whether an apparent or actual conflict of interest exists. This consultation must occur before the staff member becomes involved in the potentially problematic transaction or situation.

B. Acceptance of Gifts

All staff members and their immediate families are prohibited from soliciting, accepting or retaining any gift, benefit or anything of value, for themselves or for any third party, from any customer of the Bank, or from any individual or organization which is either involved in a business relationship with the Bank or which is seeking to establish a business relationship with the Bank. A benefit is defined as any type of gift, bequest, gratuity, favor, service, loan, legacy (except from a relative), fee or compensation, or anything of monetary value.

Specific exceptions to this policy may be permitted if the benefit or gift is of nominal value and there is no, and there appears to be no, reasonable likelihood that the staff member's business judgment might be compromised. In order to qualify for such exception, the personal benefit, however, must be one of the following:

- (i) normal business courtesies, such as a meal, refreshment or entertainment of reasonable value, involving no more than ordinary amenities, where the giver is present and the purpose of the event is to hold bona fide business discussions;
- (ii) non-cash gifts of reasonable value (under \$250 in a six-month period) such as are typically received at holiday time or special occasions, such as in connection with the acceptance of a new job, a promotion, wedding, or retirement and which represent only an expression of friendship on the part of the giver;

- (iii) gifts based upon kinship, marriage or social relationships entirely beyond and apart from any business relation;
- (iv) unsolicited advertising and promotional material of nominal value;
- (v) awards given by charitable, educational, civic, or religious organizations meritorious contributions or service;
- (vi) loans from other banks or financial institutions on customary terms to finance proper and usual activities such as home mortgage loans; and
- (vii) discounts or rebates on merchandise or services that do not exceed those available to other customers.

Any gift or benefit offered to a staff member, other than as one of the exceptions noted above, must be reported by the staff member to his or her supervisor or to the Chief Executive Officer, President or Chief Financial Officer. This individual will review the situation and instruct the staff member as to the appropriate action. Contemporaneous written records of all such disclosures are retained by the Bank in keeping with applicable legal requirements.

It is important for all staff members to remember that state and federal laws make it a crime for any officer, director or employee of a federally insured bank or bank holding company, directly or indirectly, to ask or solicit, accept, receive or agree to receive anything of value, for him or herself or for any other person or entity, for or in connection with any transaction or business of the Bank. Penalties for violating these laws include a fine, imprisonment, or both. Any offer of such an improper payment must be reported immediately to the staff member's supervisor or to the Chief Executive Officer, President or Chief Financial Officer. Any staff member who has a question about whether anything offered to the staff member falls within this law must be directed to the staff member's supervisor or to the Chief Executive Officer, President or Chief Financial Officer before the item is accepted.

C. Giving of Gifts

Staff members may not give gifts to customers under any circumstances where the gift could potentially be seen by others as consideration for any type of business favor. Any entertainment or other gifts to be offered to customers must be reasonable and customary, in accordance with business expense reimbursement requirements.

Staff members should also remember that there are strict laws restricting the giving of gifts to any government officials. No gifts to any government officials will be allowed without the prior approval of the Chief Executive Officer.

D. Political Contributions

It is the Bank's policy to strictly comply with all applicable federal and state political campaign laws. While the Bank believes that it is appropriate for every citizen to take an active interest in political and governmental affairs, all participation must be done solely as a private citizen and not as a representative of the Bank. Directors, officers and employees must not make any political contribution (whether in the form of cash, goods or services) either directly or indirectly, on behalf of the Bank. For these purposes, use of any of the Bank's facilities, equipment, supplies or manpower for political activities will be considered to be a contribution. All political contributions shall be made by solely by the individual on his or her own behalf. Under no circumstances may the Bank require staff members to contribute to, support or oppose any political group or candidate.

The decision to make any political contribution or to engage in any election activity should not be taken lightly and legal counsel should be consulted before any contribution or expenditure is made. The Federal Election Campaign Act of 1971 (FECA) is administered by the Federal Elections Commission, and every federal banking agency treats compliance with the election campaign laws as a matter of supervisory interest.

E. Outside Employment and Activities

The Bank discourages staff members from holding outside employment. Any staff member who believes outside employment is necessary and appropriate must obtain the prior written approval of the Chief Executive Officer before accepting the position. Under no circumstances may a staff member accept outside employment or engage in any outside activity, whether for profit or not, if the employment or activity might (i) pose a potential, actual or apparent conflict of interest, (ii) subject the Bank to adverse publicity or criticism, or (iii) interfere with the staff member's performance of their duties or productivity on behalf of the Bank.

The Bank encourages individual participation in civic activities. Normally, such voluntary efforts must take place outside of regular business hours. If voluntary efforts require the use of business time, prior approval must be obtained from the staff member's supervisor.

F. Service as Directors or Officers of Outside Companies

Staff members are not permitted to serve as directors or officers of any outside companies without the prior approval of the Chief Executive Officer, except in the case of the Chief Executive Officer, as to whom such service must have the prior approval of the Board of Directors. In making any decision on the permissibility of such service in specific situations, the Chief Executive Officer or the Board of Directors shall carefully evaluate (i) the outside company's relationship to the Bank, if any; (ii) any potential conflict of interest between the Bank and the outside company, such as actual or potential similar product lines; and (iii) the extent to which such service would further the interests of the Bank and its shareholders. If any staff member has previously accepted any such appointments or positions, he or she must immediately report the same to the Chief Executive Officer, so that an appropriate decision can be made as to the possible need to discontinue such service. In the case of directors of the Bank, any such outside service must be in accordance with such director's fiduciary duty to the Bank and in strict compliance with all applicable laws and regulations. Prior Board approval is not required for non-employee directors, but such directors must exercise extreme care to avoid even the appearance of any conflict of interest in such situations.

G. Acting on Behalf of Customers

Staff members are not permitted to act, without the prior written approval of their supervisor, as an executor, administrator, trustee, guardian or conservator, or in any other fiduciary capacity, for a customer of the Bank, whether or not it is related to the Bank's business. An exception to this policy may be made if the staff member requests permission to act as a fiduciary for a family member.

Staff members must not sign on customers' accounts, act as co-renters of customers' safe boxes, or otherwise represent customers, other than customers related to the staff member by blood or marriage. With respect to accounts of such relatives, staff members should make no decisions outside of normal deposit and check writing activities, i.e., they should not approve overdrafts, waive service charges, etc.

H. Personal Investment Activity

While the Bank does not wish to unreasonably limit staff members in their personal investment activities, it is the Bank's policy that no staff member shall, at any time during their employment with the Bank, have any direct or indirect investment interest in or business relationship with (whether as a partner, stockholder, employee, independent contractor or otherwise) a supplier or customer of the Bank or with any person or firm with whom the Bank has any business relationship. Furthermore, all employees must devote substantially all of their time and effort during normal business hours to the business of the Bank. They must not become involved in any off-duty investments which will interfere with the performance of their work. Likewise, they may not enter into any investment transaction which might create, or give the appearance of creating, a conflict of interest between the staff member and the Bank or between the Bank and any customer or other individual or entity with whom the Bank has a business relationship. However, staff members may make investments of a passive nature in any business or venture, with the exception of customers of the bank, provided that the amount of such investment does not exceed one percent (1%) of the issued and outstanding shares or one percent (1%) of the equity interest in such business or venture.

While an exhaustive list of the types of impermissible investments is not practical, all staff members must refrain from directly or indirectly owning or purchasing any of the following:

- (i) Real or personal property in which the Bank intends to obtain an ownership interest (i.e. through purchase, foreclosure or repossession, or in a fiduciary capacity), unless offered through a third party to the general public.
- (ii) Stocks, bonds or other securities which have either been pledged to the Bank as collateral, sold by the Bank in a fiduciary capacity or issued by any entity indebted to the Bank (except publicly traded securities).
- (iii) Stock of any business or financial institution, in anticipation of its merger with or acquisition by the Bank. Investment in the stock of any financial institution, even though made in good faith and without prior inside knowledge, should be given careful consideration because of the possible adverse publicity to the Bank in the event of a subsequent merger with, or acquisition by the Bank.
- (iv) Trust deeds, mortgages or any other liens against property in which the Bank also has a security interest.
- (v) Any other investments paralleling or anticipating investment action by the Bank.
- (vi) Any interest in a company for which an officer or employee is an account officer or in which an officer or employee has access to information which is not generally available to the public.
- (vii) Securities of a customer, or borrower, since it may be construed as affecting the staff member's judgment exercised on behalf of the Bank.

Staff members who are directly involved in purchasing and selling securities for the Bank are prohibited from engaging in personal securities transactions with the same securities firm used by the Bank unless such relationship is approved by the Audit Committee.

In addition, a staff member should not allow a customer to arrange investments for the account of the staff member or his or her immediate family, nor should the staff member become involved in investments sponsored by a customer under circumstances which might create either a conflict of interest or the appearance of such a conflict.

Any staff member who has any question about whether a particular investment falls within the prohibitions of this policy must contact the Chief Executive Officer, President or Chief Financial Officer before making the investment.

I. Corporate Opportunities

Staff members owe a duty to the Bank to advance its legitimate interest when the opportunity to do so arises. Staff members are prohibited from:

- Taking for themselves personal opportunities that are discovered through the use of corporate property, information, or position;
- Using corporate property, information, or position for personal gain; or
- Competing with the Bank without prior consent from the Board of Directors.

VI. OTHER STAFF MEMBER ACTIVITIES

A. Personal Finances

All staff members are expected to demonstrate an ability to manage their personal finances in a responsible manner, particularly in the intelligent use of credit. Imprudent personal financial management not only may reflect poorly on the individual's ability to perform their responsibilities of a financial nature but may also adversely affect the staff member's job performance. Staff members and their immediate families are generally expected to borrow only from reputable organizations which regularly lend money (except for loans from personal friends and relatives). Staff members may not borrow money from their coworkers, but should discuss any financial emergency with their supervisor.

B. Overdrafts.

All employees have an obligation to keep their checking accounts in good order. Executive officers and directors with checking accounts at the Bank are also subject to a flat overdraft prohibition under federal insider lending laws and regulations, and could be subject to penalties for violations under Federal Reserve Regulation O. Each staff member must remember that any overdraft on his or her account is a serious offense which will not be tolerated and which may result in his or her checking account being closed. In addition, anyone overdrawing his or her account may be subject to discipline, up to and including termination (depending on the circumstances).

C. Lending Practices

- (i) The Bank's policy is to maintain prudent lending practices in order to insure an adequate supply of funds for the credit needs of its customers. Any rate concessions shall be primarily based upon the borrowers' creditworthiness and overall relationship with the Bank (including related deposits of guarantors, etc.), as well as competitive bank pressures.
- (ii) Staff members are not in any way to represent or exercise authority on behalf of the Bank, grant direct or indirect accommodations to or make credit recommendations with respect to: members of their families; any individual or organization with which the staff member, or his or her immediate family, is associated or in which the staff member holds any financial interest.
- (iii) Federal law prohibits any director, officer or employee of the Bank from granting any loan or gratuity to any public bank examiner or assistant bank examiner, who either examines the Bank or has authority to examine the Bank.

All directors and executive officers are required to comply with federal and state insider lending laws and regulations, including Federal Reserve Regulation O. Detailed requirements concerning loans to insiders are addressed in a separate policy. Any staff member with a question regarding the propriety of a loan involving an executive officer or director should contact the Chief Executive Officer or Chief Credit Officer.

D. Giving Advice to Customers

Staff members 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, staff members 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.

E. Receipt of Legal Documents or Subpoenas

Any staff member who receives a legal document of any kind relating to the Bank, including but not limited to subpoenas, requests for documents, demand letters, summonses or correspondence from attorneys that appear to be legal in nature, shall immediately contact the Chief Executive Officer or the President for instructions. Under no circumstance shall any staff member release any confidential customer information to any outside party in response to such a request (whether oral or written) without the approval of the Chief Executive Officer or the President.

VII. CONFIDENTIALITY

A. Customer Information

Safeguarding the confidential financial information concerning the Bank's customers is essential to maintaining the public trust. It is the policy of the Bank that such confidential information acquired by a staff member through his or her employment must be held in the strictest confidence. Such information is to be held for Bank purposes only and not as a basis for personal gain by any staff member. Aside from routine credit inquires, information regarding a customer may generally only be released to private persons, organizations or governmental bodies that request it with the consent of the customer involved or upon receipt of legal process, such as a subpoena or court order. Confidential customer information should never be discussed with anyone outside the Bank, and only with those within the Bank who have a legitimate business need to know. Such information should never be discussed in public places. Staff members should be sensitive to the risk of inadvertent disclosure resulting from

open doors, speakerphones, cellular phones, and when transmitting confidential information by fax or other electronic media.

B. Information Regarding the Bank

Financial or other information regarding the Bank, its operations, its customers or any aspect of its business may not to be released to any outside person or organization unless it has been published in reports to shareholders, otherwise made available to the public through authorized news releases or on the Bank's website. All news media inquiries must be referred to Chief Executive Officer or the President. The Bank expects every employee to treat information concerning the Bank and its personnel with the same confidentiality as information concerning customers of the Bank and to observe, with respect to the Bank, the same guidelines set forth in Paragraph A above.

C. Confidentiality Agreements

All employees will be required to sign and adhere to a Confidentiality Agreement in the form attached hereto as Exhibit "A" as a condition of their employment, and to certify annually that they have complied with all provisions of the Code relating to confidential information since the date of the last certification.

VIII. INSIDER TRADING

Staff members are frequently entrusted with possession of confidential and highly sensitive information concerning the Bank, its clients, or other businesses with which the Bank has material contractual relationships or with which the Bank may be in the process of negotiating material transactions ("Confidential Parties"). As long as a staff member is aware of "material non-public information" relating to the Bank, any of its clients, or any Confidential Party, such staff member may not buy or sell the securities of the Bank, the client, or the Confidential Party, as applicable, regardless of how that information was obtained.

"Material non-public information" is any information which could reasonably be expected to affect the price of the Bank's stock. If a staff member is considering buying or selling a stock because of inside information they possess, they should assume that such information is material. The staff member should also keep in mind that **if any trade he or she makes becomes the subject of an investigation by the government, the trade will be viewed after-the-fact with the benefit of hindsight.** Consequently, staff members should always carefully consider how their trades would look from this perspective.

Equally important, the staff member must maintain such material non-public information in the strictest of confidence. If a staff member's family or friends ask for advice about buying or selling Bank stock, the employee should not provide it. It is illegal to "tip" or pass on inside information to another person if one knows or reasonably suspects that the person receiving the information will misuse the information by trading in the securities or further passing on the information, even if the staff member does not receive any benefit from the trade.

An employee or director of the Bank must also not permit any member of his/her immediate family or anyone acting on his/her behalf, or anyone whom he or she has disclosed such information, to purchase or sell such securities.

Quite simply, before a staff member engages in any trading of the Bank's stock, he or she should consider whether he or she knows any information about the Bank that has not been publicly disclosed, and ask himself the following questions:

- Does the specific information I have learned about the Bank make me want to buy or sell stock?
- If the newspaper published what I know, would it make the price of the Bank's stock rise or fall?
- How would the trade I am considering look to government prosecutors if it became the subject of an investigation?

Details on insider trading restrictions, the consequences of violating such restrictions, and special requirements for transactions (including stock option exercises) involving the Bank's stock are documented in the Bank's Insider Trading Policy. All staff members have received copies of either the Insider Trading Policy or a Summary thereof, and are responsible for complying with all of its requirements.

IX. COMPLIANCE AND ENFORCEMENT PROCEDURES

A. Complaints or Concerns Regarding Accounting or Auditing Matters

If any staff member has a complaint or concern regarding accounting, internal accounting controls or auditing matters, he or she may either contact the Chief Executive Officer, President, Chief Financial Officer or Chairman of the Audit Committee, or may submit a complaint or concern on an anonymous basis as discussed below. Particularly in the case of anonymous complaints, staff members are encouraged to be as detailed as possible in order to enable the Bank to investigate the situation without the benefit of discussing the matter with the staff member filing the complaint. Procedures for handling complaints or concerns concerning non-audit or accounting related matters are set forth in the "Grievance Procedure" section of the Bank's Employee Handbook.

Treatment of Complaints by Identified Individuals. If a staff member brings a complaint to the direct attention of one of the individuals identified in the preceding paragraph, that individual will first interview the staff member to ascertain the details of the concern or complaint, and shall then immediately refer the matter to the Audit Committee for further investigation. The original complaint or concern, together with the results of the Audit Committee's investigative efforts, shall be fully documented and all records concerning the complaint shall be maintained by the Bank for at least seven years. The Audit Committee in its discretion shall determine what action may be required to correct the stated concern, and shall promptly cause any necessary corrective action to be taken. If the matter requires investigation by any outside parties such as accountants, independent counsel or any other consultants or professionals, the Audit Committee shall have the authority to retain the services of such additional persons as may be required to fully investigate and/or correct the situation.

Staff members may also contact Frank Ferri, Chairman of the Audit Committee directly while still disclosing their identity, either by calling (818) 244-7544, by sending an e-mail to frank@ferri-co.com, or by writing to him at: 500 North Brand Boulevard, Suite 930, Glendale, California 91203. E-mail submissions may also be made to the Chief Executive Officer, the President or the Chief Financial Officer, at the option of the staff member.

Treatment and Procedures for Anonymous Complaints. If a staff member wishes to file a complaint or concern regarding questionable accounting or auditing matters, he or she may do so on a strictly anonymous basis by putting all relevant information in writing and sending the information to: Frank Ferri, 500 North Brand Boulevard, Suite 930, Glendale, California 91203.

The Audit Committee has established this procedure for the receipt of anonymous complaints or concerns by anyone preferring not to use telephone or e-mail for such complaints, as an additional method to ensure the anonymity of the complainant and at the same time maintain the confidentiality of the information concerned. All submissions received at this address will be reviewed as required by the Audit Committee Chairman, and if appropriate referred to the Audit Committee at the next regularly scheduled meeting. If the Chairman believes that there is urgency involved in the concern expressed, he shall call a special meeting of the Audit Committee consistent with such time parameters. The Audit Committee shall make every attempt to fully investigate and promptly correct any matters identified in such anonymous submissions. The original anonymous complaint or concern, together with the results of the Audit Committee's investigative efforts, shall be fully documented and all records concerning the complaint shall be maintained by the Bank for at least seven years.

B. Reporting of Other Unusual, Suspicious or Illegal Activity or Suspected Violations of the Code of Ethics and Protection Against Retaliation

What Must Be Reported. Directors, officers and employees must promptly report any unusual, suspicious or illegal activity or suspected violations of the Code. Failure to report a violation can lead to disciplinary action against the person who failed to report the violation which may be as severe as the disciplinary action against the person who committed the violation. Unusual, suspicious or illegal activity may include illegal acts (such as fraud or misappropriation of funds), harassment or coercive acts, obstruction of proper bank reporting, violations of the Bank Secrecy/USA Patriot Act (such as money laundering, funds transfers to specially designated nationals or structuring transactions to avoid reporting requirements) or any other violations of the Code.

If a staff member believes that he or she has violated the Code or any applicable law or regulation, he or she must report the violation so that the Bank can take appropriate action. The fact that the staff member has reported the violation will be given consideration in determining appropriate disciplinary action, if any. In many

cases, a prompt report of a violation can substantially reduce the adverse consequences of a violation for all involved.

If a staff member becomes aware that another employee, of whatever level of seniority, has, in all likelihood, violated the Code, including any law or regulation applicable to the Bank's businesses, that staff member has a duty to report that violation so that the Bank can take steps to rectify the problem and prevent a recurrence. The staff member has a duty to report the suspected violation as long as he or she believes that a violation occurred. Absolute certainty is not the standard. If a staff member has any question about his or her obligation in a particular situation, he or she should contact his or her immediate supervisor, the Chief Executive Officer, President or Chief Financial Officer.

Reporting Procedures. Normally (except in the case of auditing or accounting related matters, which are discussed in Section IX.A. above), a suspected violation of the Code by an employee other than an officer of the Bank should be reported to the supervisor of the employee who commits the violation. Suspected violations by an employee concerning the Bank Secrecy/USA Patriot Act should be reported immediately to the employee's supervisor, who will in turn report the violation directly to the BSA Officer. However, a staff member may instead report the possible violation to the Chief Executive Officer, President or Chief Financial Officer. Any supervisor who receives a report of suspicious or illegal activity from a staff member must immediately notify the Chief Executive Officer, President or Chief Financial Officer.

A suspected violation of the Code by a director or an executive officer of the Bank should be reported to the Chairman of either the Compensation Committee or the Audit Committee, as appropriate. However, if a staff member believes that in a particular situation it would not be appropriate to report a possible violation by a director or officer to one of these persons, the staff member may report the possible violation to the Chairman of the Board or to any other officer or director of the Bank to whom the employee believes it would be appropriate to report the possible violation.

Reports made by staff members may be anonymous, at the choice of the individual making the report. All reports made under these procedures will be handled with the maximum degree of confidentiality, and information from the report will be shared only to the extent necessary to conduct a complete and fair investigation. All such reports will be promptly reviewed and resolved.

Protection Against Retaliation. Retaliation in any form against an individual who makes a good faith report of a suspected violation of the Code or of law (even if the report is mistaken), or against anyone who assists in the investigation of a reported violation, is itself a serious violation of the Code. Acts of retaliation will not be tolerated and should be reported immediately. The Chief Executive Officer, President or Chief Financial Officer, or the Compensation Committee or Audit Committee, as appropriate (depending on the nature of the allegations and positions of the individuals involved) will conduct a full investigation and will take appropriate disciplinary action against anyone engaging in retaliatory conduct.

In addition, any staff member who discourages or prevents other staff members from making such reports or seeking the help or assistance they need, will be subject to disciplinary action.

False Accusations. It is very important that the process for reporting suspected violations not be used improperly or in bad faith to make false accusations against any Bank personnel. However, since the Bank wants to encourage employees to come forward when they suspect that inappropriate conduct has occurred, it will not take disciplinary action against a staff member for coming forward unless there is evidence that the staff member knowingly provided false information. The mere fact that a staff member's suspicions prove to be unfounded will not lead to discipline.

The Bank will make every effort to assure that complaints are investigated thoroughly and that no disciplinary actions are taken based solely on unsubstantiated allegations. Particularly in the case of anonymous allegations, any disciplinary actions must be based upon documentary or other corroborating evidence of misconduct, and the subject of the investigation must be given an opportunity to provide an explanation of any suspicious circumstances if desired. However, the decision by the Chief Executive Officer, the President, the Compensation Committee or the Audit Committee, as appropriate (again depending on the individuals and allegations involved), after conducting its investigation, will be final and binding.

C. Investigating Violations

With respect to any suspected violations not involving accounting or audit related matters, the Chief Executive Officer or the President together with other appropriate members of management, and legal counsel, if necessary, shall develop and maintain standard procedures for documenting all allegations received, evaluating and investigating allegations and documenting the conclusions of that process. The Compensation Committee shall receive at least annually, or more often as the Chief Executive Officer or the President deems appropriate, a list of all such alleged violations and the outcome of the inquiry or investigation thereof and shall have access to all reports prepared regarding alleged violations of the Code.

Any suspected violations or concerns regarding accounting or audit related matters will be investigated promptly and directly by the Audit Committee in accordance with Section IX.A. above.

D. Disciplinary Action

The Bank shall consistently enforce this Code of Ethics through appropriate means of discipline. Suspected violations of the Code involving auditing or accounting related matters shall be promptly reported to the Audit Committee. The Audit Committee shall determine, through consistently enforced procedures, whether violations of the Code have occurred and, if so, shall determine the disciplinary measures to be taken against any employee or agent of the Bank who has violated the Code. In the case of suspected violations not involving auditing or accounting related matters, similar procedures shall be enforced by the Chief Executive Officer, the President or the Compensation Committee, depending on the position or level of the individual involved.

The disciplinary measures, which may be invoked at the discretion of the Audit Committee, Compensation Committee, Chief Executive Officer or the President, as appropriate, include, but are not limited to, counseling, oral or written reprimands, warnings, probation or suspension without pay, demotions, reductions in salary, termination of employment and restitution.

Among other things, directors, officers and employees may be disciplined for:

- Committing, authorizing, or directing an illegal act.
- Failing to exercise proper compliance oversight, tolerating illegal conduct, or approving or condoning violations, if acting as a supervisor of another employee of the Bank.
- Failing to report illegal business conduct or violations of the Code of which he or she directly knows or observes.
- Discouraging another director, officer, or employee from reporting a violation of law or of this Code of Ethics.
- Improperly disclosing the identity of a person who reports a violation of the Code.
- Withholding material information regarding a violation when requested to provide such information.
- Retaliating or condoning retaliation against any director, officer, or employee of the Bank who reports such a violation.

As examples, the following are not valid excuses for failing to comply with the law and/or the Code and, as such, will not avoid disciplinary measures under the Code:

- "A supervisor demanded that I do the illegal, unethical or improper act."
- "I thought the conduct was standard practice in our business."
- "It was a business necessity because it would have cost more to act properly."

- "I misinterpreted the law or the Code and did not seek the advice of the Chief Executive Officer, President or Chief Financial Officer."

X. WAIVERS

Any waivers of the Code for executive officers or directors may be made only by the Board of Directors. Any waivers of the Code for other personnel may be made by the Chief Executive Officer or the President.

XI. PRIVACY

In order to assure access at all times to Bank property, and because employees may not always be available to produce various documents, records, files, or other items in their possession in the ordinary course of business, the Bank reserves the right to conduct inspections or searches of the Bank's premises at any time without the consent of and without advance notice to the employee.

The Bank's premises include all locations owned or leased by the Bank or under the control of the Bank, including office space, parking lots, closets, storage areas, and lockers. Bank property includes all tangible and intangible personal property of the Bank, including without limitation, all furniture, equipment, file cabinets, computer hardware and software, licenses and copyrights. The foregoing includes all communications and transmissions of any kind, including all information stored on any hardware, software, electronic disk, voice mail, e-mail, and all other communication media.

Searches and inspections may include an employee's office, desk, file cabinets, closet, locker, computer files, whether contained on a hard drive or floppy disk, including past and present e-mail communications, and similar places where the Bank property may be located, whether or not such places are locked.

Employees are prohibited from using the code of another employee to gain access to that individual's e-mail, voice mail, or computer system.

Employees are prohibited from using the Bank's information systems in any way that might be considered disruptive or offensive to others, including customers and vendors. Personal or inappropriate use of the Bank's information system may result in disciplinary action, up to and including discharge. Inappropriate transmission includes, but is not limited to, sexually explicit messages, offensive language, and ethnic, racial, and gender-specific slurs.

XII. E-MAIL/INTERNET POLICY

The Bank promotes the use of advanced technology and provides employees with access to e-mail, the Internet, and the world wide web (collectively, "on-line services").

Although occasional use of on-line services for personal, non-business use is acceptable, employees are not allowed to use them for any significant amount of personal use.

The Bank reserves the right to review all electronic files and messages and to monitor usage to the extent necessary to ensure that on-line services are used in compliance with the law and with the Bank's policy. Employees must provide reasonable assistance to the Bank if so requested as part of such monitoring, and expressly waive any personal right to privacy with respect to any electronic files or messages contained on any Bank computer or server.

Employees must respect the confidentiality of all on-line service communications and may not read, revise, or monitor the communications of other employees or third parties, including customers, except with the approval of management. However, as stated above, employees must recognize that their own usage of on-line services is subject to review by the Bank and, therefore, is not confidential as to management.

All messages and information sent by an employee to others, including customers, via on-line services may reflect on the Bank. Employees are prohibited from using the Bank's on-line services in any way that might be considered disruptive or offensive to others, including customers and vendors.

Inappropriate transmission includes, but is not limited to, sexually explicit messages, offensive language, and ethnic, racial, and gender-specific slurs. Any employee who abuses the privilege of access to and use of on-line services may be subject to disciplinary action up to and including discharge.

Further details on this subject are documented in the Bank's Information Security Policy, Privacy Policy and Employee Handbook. It is the responsibility of each employee to read, become familiar with, and abide by, the contents of that Handbook.

XIII. MISCELLANEOUS GUIDELINES FOR CONDUCT

A. Use of Bank Letterhead and Name

Staff members are not permitted to use official stationery for either personal correspondence or other non-job related purposes. They must exercise care and good judgment to avoid the use of the Bank's name in any manner that may imply endorsement by the Bank of any outside activity or product, or make reference that they are an employee of the Bank in matters of personal dispute.

B. Dealings with Competitors

The policy of the Bank is to require staff members to observe fair and ethical conduct in dealing with the Bank's competitors. The making of disparaging remarks regarding the Bank's competitors is considered to be unprofessional and inappropriate. In addition, circulating false rumors about a financial institution's condition is a felony. The Bank's strategy is to emphasize the quality and competence of its staff and services. Staff members are prohibited from involving the Bank in arrangements with its competitors which provide for the setting or controlling of rates, prices or marketing policies. Staff members shall also comply with the provisions of Section VII concerning confidentiality in any discussions they may have with competitors.

C. Exclusive Dealings (Anti-Tying)

It is the policy of the Bank that it does not condition the sale of services to a customer upon the requirement that the customer purchase other services from the Bank or refrain from dealing with other suppliers of such services. Tying the availability of credit to the purchase of insurance offered by the financial institution or one of its affiliates is prohibited under federal law. However, such tying prohibitions do not prevent an institution from informing a customer that insurance is required in order to obtain a loan or that loan approval is contingent on the customer obtaining acceptable insurance.

D. Obstruction of Normal and Sound Banking Practice

Structuring of transactions, especially cash transactions, on behalf of customers or relatives to avoid CTR filing by the bank is strictly prohibited. Any type of obstruction to prevent adverse reporting by the bank to state or federal agencies will result in the immediate dismissal of all involved. Willful blindness by a bank officer of money laundering activities is a crime under 18 USC 1956 and 1957, punishable by fines up to \$500,000 and incarceration of up to five years. Detailed information concerning CTRs and related matters is contained in the Bank's Bank Secrecy Act Policy.

E. Improper Influence and/or Harassment

As described more fully in the Bank's Employee Handbook, improper influence or harassment, including sexual harassment of employees is strictly prohibited. The Bank will not tolerate any coercion or harassment of an employee, including sexual harassment, any use of influence to participate in illegal or improper activity, or any other improper acts. Any such activity will subject the offending employee to immediate dismissal.

XIV. ACKNOWLEDGEMENT AND ANNUAL CERTIFICATIONS

This Code of Ethics augments the Employee Handbook. Staff members are to acknowledge their understanding by signing and dating such on the next page and returning this acknowledgement to the Chief Financial Officer. All staff members will also be required to certify annually (i) that they are familiar with the provisions in the Code concerning disciplinary measures which may be taken for violations of the Code, (ii) that they have complied with all provisions of the Code relating to confidential information since the date of the last

certification and to the best of their knowledge have not violated any other provisions of the Code during that time; and (iii) that they are not aware of any violations of the Code by any other staff members during that time. The form of annual certification is attached hereto as Exhibit "B."