

EXCHANGE BANK EMPLOYMENT PRACTICES GUIDE

TITLE: CODE OF ETHICS

DATE: FEBRUARY 1, 2016

PURPOSE

The purpose of this policy is to maintain a Code of Ethics. It is the policy of Exchange Bank to conduct its business in accordance with the highest ethical standards in order to meet and maintain the complete confidence and trust of its customers and the public. Employees must conduct their personal affairs and manage their business transactions in a manner that does not result in adverse comments or criticism from the public or in any way damage Exchange Bank's reputation as a responsible financial services organization. This policy addresses both business and social relationships that may present legal and ethical concerns and also sets forth a code of conduct to guide all employees of Exchange Bank.

ELIGIBILITY

This policy must be adhered to by all staff members at all times. Note: For the purposes of this policy, the term "staff member" refers to all directors, officers, managers, supervisors and employees of Exchange Bank.

EMPLOYEE RESPONSIBILITY

It is the responsibility of each staff member to be familiar with the Exchange Bank's Code of Ethics. It is Exchange Bank's policy that staff members do not engage in personal conduct that will conflict with the interests of Exchange Bank. All staff members are required to disclose any potential conflict of interest, including one in which they have been inadvertently placed as a result of a business or personal relationship with a customer, supplier, business associate or competitor of Exchange Bank.

The responsibilities of the banking industry necessitates that we conduct our day to day activities in an ethical and responsible manner without conflict of interest or violation of law. Exchange Bank respects all individuals' rights to engage in activities outside their employment that are private in nature, such as social, community, political or religious activities. However, each director, officer and employee is expected to protect Exchange Bank's interest and avoid undue outside influence on work-related decisions or activities and to comply with all applicable laws and regulations and Exchange Bank policies in this regard.

Maintaining the high standards of the financial services industry, which include honesty, integrity, impartiality, and proper conduct by directors, officers, and employees of the Exchange Bank is essential to ensure the proper performance of the Bank's business and continued public confidence in the organization.

Staff members are encouraged to seek the advice of an appropriate supervisor or Human Resources regarding questions of interpretation and of the applicability of the provisions of the Code to a particular situation. All employees shall sign a written acknowledgement of receipt of the Exchange Bank Employee Handbook which contains a summary of the Code of Ethics policy and all other applicable policies.

Employees holding the title of Vice President and above must sign the Code of Ethics Certificate agreeing to adhere to the Exchange Bank's Code of Ethics as it currently stands and of any subsequent changes thereto.

MANAGEMENT RESPONSIBILITY

All supervisors and managers are expected to make every reasonable effort to ensure that their staff comply with the provisions of the Code.

If a director, officer or employee reports a potential conflict to a supervisor, it is the supervisor's responsibility to review the situation and instruct the staff member as to the appropriate action consistent with the policy.

COMPLIANCE WITH LAWS AND REGULATIONS

It is the policy of Exchange Bank to fully comply with the spirit and intent of all applicable laws and regulations. Exchange Bank expects its staff members to use good judgment and high ethical standards and to refrain from any form of illegal, dishonest or unethical conduct. Any staff member who violates the provisions of the Code of Ethics may be subject to termination of employment.

Audits

Staff members are required to fully cooperate with audits conducted by Exchange Bank's internal audit staff or external auditing firms. Questions raised by the auditors must be responded to honestly and no adverse information may be concealed.

Recordkeeping

It is the responsibility of the Chief Executive Officer, Chief Financial Officer or Controller to ensure full, fair, accurate, timely, and understandable disclosure in reports and documents that Exchange Bank files, and in other public communications made by the Bank.

The Bank maintains records and accounts that accurately reflect its assets, liabilities, receipts and disbursements. The falsification of any books, records or documents of the Bank is subject to termination of employment.

ADMINISTRATION OF THE CODE OF ETHICS

Executive management shall administer the Code, determine matters of interpretation and coordinate periodic changes to the Code as it relates to staff and make recommendation to the Board of Directors for modification. The Board of Directors shall administer the Code and determine matters of interpretation and coordination as it relates Executive Officers and Directors.

The continued implementation of the Code shall be accomplished by Human Resources procedures, audit and examination. Any deviation by the Chief Executive Officer, Chief Financial Officer or Controller may be made only with the prior consent of the Board of Directors. This policy requires approval by the Board of Directors, and will be reviewed annually thereafter by the Board.

INTERNAL REPORTING PROCEDURES

Exchange Bank encourages employees to talk to supervisors, managers, Human Resources or other appropriate management when in doubt about the best course of action in a particular situation. Additionally, employees should report violations of laws, rules, regulations or codes of business conduct to Human Resources or appropriate management.

The director, officer, or employee involved, or whose interest in any transaction in which potential conflict of interest or prohibited acts may be applicable shall report in writing and disclose his/her interest and status in the matter unless, in the case of a loan application, the application itself discloses such information. Prompt internal reporting to an appropriate person or persons is required by this Code. For purposes of internal reporting the appropriate person or persons is any one of the following:

- Chief Human Resources Officer
- Chairman of the Bank
- Chief Risk Management Officer
- A member of the Bank Audit Committee

Any reporting in good faith is to be handled in confidentiality and the person or persons making the report are free from reprisal. It is the duty of the person or persons receiving the information to act appropriately and inform the Audit Committee. The Audit Committee is under a duty to investigate the matter by any means that it deems appropriate including seeking expert counsel. The Audit Committee will investigate or appoint Human Resources to investigate any case involving a potential conflict of interest or prohibited act to determine if any action is necessary or advisable. A copy of the investigation report shall be submitted to the Board of Directors for any further action.

The Bank shall, with regard to any prohibited act, or conflict of interest investigation report, take prompt action in a manner that will assure integrity of the Bank and the confidence of the public toward the Bank. Prompt action will be taken for any violation of the policy by an officer or staff member and could result in corrective action up to and including termination of employment. Violation by a director could result in requesting the resignation of the director, termination for cause and/or disqualification from future nomination as a director of the Exchange Bank.

Exchange Bank will not permit retaliation against any employee for reports of breaches of this Code of Ethics made in good faith. An anonymous complaint by an employee is to be made by contacting Bruce DeCrona, Exchange Bank Board member at 707-620-0167 or any member of the Bank's Audit Committee.

PUBLIC AVAILABILITY

Exchange Bank will make available to the public the Exchange Bank Code of Ethics by publishing a copy on our website at: www.exchangebank.com.

CONFLICTS OF INTEREST

A conflict of interest is defined as an officer's, directors, or staff member's involvement in outside interests that might either conflict with the staff member's duty to Exchange Bank or adversely affect the officer's, director's, or staff member's judgment in the performance of his or her responsibilities. Activities that may constitute a conflict of interest, include, but are not limited to:

- **Acceptance of Gifts:** Staff members and their immediate families shall not solicit, accept or retain a benefit for themselves from any customer of Exchange Bank, any individual or organization doing or seeking to do business with Exchange Bank, or from any other individual or organization based on a banking relationship other than normal authorized compensation, with the intent to be influenced or rewarded in connection with any business or transaction of Exchange Bank.
- **Solicitation of Contributions:** Staff members shall not solicit contributions from other employees except for approved charity drives such as the Human Race or gifts of nominal value traditionally exchanged among business associates as part of acceptable social amenities. In this context, a benefit is regarded as any type of gift, gratuity, favor, service, loan, legacy (except from a relative), fee or compensation, or anything of monetary value.

Specific exceptions to this prohibition are made if there appears to be no reasonable likelihood of improper influence in the staff member's performance of duties on behalf of Exchange Bank. The personal benefit, however, must be one of the following:

- Normal business courtesies, such as a meal, refreshment or entertainment of reasonable value, involving no more than ordinary amenities, in the course of a meeting or other occasion, the purpose of which is to hold bona fide business discussions.
- Non-cash gifts of reasonable value (under \$100.00) such as received at holiday time or special occasions, such as a new job, promotion, wedding, or retirement that represents expression of friendship.
- Gifts based upon obvious family or personal relationships when the circumstances make it clear that it is those relationships, rather than the business of Exchange Bank, which are the motivating factors.
- Unsolicited advertising and promotional material of nominal value, such as pens, pencils, note pads, key chains and calendars.
- Awards given by charitable, educational, civic, or religious organizations for meritorious contributions or service.
- Loans from other banks or financial institutions on customary terms to finance proper and usual activities, such as home mortgage loans, except where prohibited by law.
- Discounts or rebates on merchandise or services that do not exceed those available to other customers.

Any personal benefit received, other than the exceptions noted above, is to be reported by the staff member to his or her supervisor and forwarded to Exchange Bank's Human Resource Department. The supervisor will review the situation and instruct the staff member as to the appropriate action. The Exchange Bank Human Resources Department retains written records of all such disclosures.

It is important to recognize that federal law makes it a crime for any officer, director or employee of a federally insured bank or bank holding companies, directly or indirectly, to ask, solicit, accept, and receive or agree to receive anything of value, for himself or for any other person or entity, for or in connection with any transaction or business of Exchange Bank. The penalty for violating this law is a fine, imprisonment, or both. Any offer of such an improper payment should be immediately reported to the staff member's supervisor or Human Resources.

POLITICAL CONTRIBUTIONS

It is the policy of Exchange Bank to strictly comply with all applicable federal and state political campaign laws.

- Under federal law, Exchange Bank is prohibited from making a contribution or expenditure in connection with any federal or state election to any political office, or in connection with any primary election or political convention or caucus held to select candidates for political office.
- In accordance with federal law, no staff member shall make any direct or indirect contribution of funds or other property of Exchange Bank in connection with the election of a candidate to any federal office. For these purposes, use of the corporate facilities and equipment for political activities is deemed to be a contribution.
- Loans to a candidate for political office or to a political committee are not prohibited so long as the loan is made in the ordinary course of business and meets Exchange Bank's usual credit criteria and approval procedures for the particular type of loan.
- The Exchange Bank's policy regarding corporate political contributions is not intended to discourage staff members from making personal contributions to candidates or political parties of their choice. No employee shall take an active part or issue public statements relating to the nomination or candidacy of any person for national or statewide elective office that would implicate by support endorsement or otherwise his/her connection with Exchange Bank. This

statement shall not be construed to prohibit an employee from expressing his personal opinion on political affairs or candidates or making voluntary contributions.

- No officer, employee or agent of Exchange Bank shall hold a public office, or be a candidate for such office, unless Exchange Bank has determined that such candidacy or holding of public office would not bring justified criticism on the grounds of political activities or partialities or any other manner adversely impacting the best interest of Exchange Bank. All determinations made shall be reported in writing and approved by the Bank's Executive Committee.

OUTSIDE EMPLOYMENT

While employed by the Bank, all employees are required to devote full business time to their jobs to effectively accomplish their assigned duties. Therefore, the following types of outside employment are prohibited:

- Employment that conflicts with an employee's work schedule, duties and responsibilities;
- Employment, including self employment, that creates a conflict of interest or is incompatible with your employment with the Bank;
- Employment that directly or indirectly competes with the business or the interests of the Bank. (i.e., working for any competing financial institution);
- Employment that is likely to adversely affect the Bank's image in its market;
- Performing services for customers on non-working time that are normally performed by Bank personnel; and
- The unauthorized use or application of any confidential trade information or techniques.

Employees should check with Human Resources if they are unsure whether a particular outside employment opportunity would be prohibited by the Bank. All managers and officers of the Bank must have prior approval from Human Resources before any employment commitments are made.

OUTSIDE ACTIVITIES

Exchange Bank encourages individual participation in civic activities. Normally, voluntary efforts must take place outside of regular business hours. If voluntary efforts require business time, the staff member should obtain prior approval. Staff members are not to act, without prior written approval of management, as executor, administrator, trustee, guardian or conservator, or in any other fiduciary capacity, whether or not it is related to the business of Exchange Bank. Approval, except in unusual cases, will normally be granted to act as fiduciary for a family member.

Officer Limitations in Other Entities

Directors, officers and employees shall not serve as an officer or director of an organization that transacts business with Exchange Bank unless the Board of Directors has determined that the involvement by the Bank and the type of lending engaged in or the involvement is so trivial as to create little probability of any significant impact upon Exchange Bank business. Directors, officers, and employees shall not participate in Bank financial discussions with the organization, which will have more than nominal significance to the Bank, or organization.

PERSONAL FINANCES

Personal finances should be managed in a manner consistent with employment in a financial institution. Staff members and their immediate families should borrow only from reputable organizations, which regularly lend money, and such borrowings should carry the prevailing rate of interest and not involve favored treatment of any kind.

Borrowing from relatives is not subject to restriction. Staff members are not permitted to borrow money

from their co-workers, but should discuss any financial emergency with the Human Resource Department. Staff members should not sign on customers' accounts, act as deputy or co-renter of customers' safe deposit boxes, or otherwise represent customers.

PERSONAL INVESTMENT ACTIVITY

While Exchange Bank does not intend to unreasonably limit staff members in their personal investment activities, it is Exchange Bank's policy that no staff member enter into investment transactions which would create, or give the appearance of creating, a conflict of interest between the staff member and Exchange Bank or between Exchange Bank and any customer.

LENDING PRACTICES

- It is the policy of Exchange Bank to maintain prudent lending services to adequately supply the credit needs of its customers. Any rate concessions shall be based solely upon a borrower's creditworthiness and overall business relationship with Exchange Bank.
- Staff members are not in any way to represent or exercise authority on behalf of Exchange Bank, grant direct or indirect accommodations or make credit recommendations with respect to:
 - members of their families
 - any individual or organization to which the staff member or his or her immediate family is indebted
 - any organization to which the staff member, or his or her immediate family, is associated or in which a material financial interest is held
 - any individual or organization with whom the employee has an actual or potential conflict of interest as defined by this policy
- Federal law prohibits any director, officer or employee of Exchange Bank from granting any loan or gratuity to any public bank examiner who examines the Exchange Bank or has authority to examine Exchange Bank.
- Safeguarding the confidential financial information concerning Exchange Bank's customers is essential in maintaining the public's trust. It is the policy of Exchange 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 Exchange Bank purposes and not as a basis for personal gain by any staff member. Aside from routine credit inquiries, 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 confidential customer information should never be discussed with anyone outside Exchange Bank, and only with those within Exchange Bank who have a legitimate business need to know.

EVASIONS AND CIRCUMVENTIONS

No director, officer, or employee shall use any scheme or device to avoid compliance with any of the rules or guidelines established or avoid compliance with the intent of those rules through the use of subterfuge, evasions, or circumventions.

Examples of acts of subterfuge or circumventions include:

- Obtaining a loan or assisting another borrower to obtain a loan from the Bank knowing that the proceeds thereof are planned to be used to provide financing for a person who is ineligible for such a loan
- Including or assisting another person to obtain a loan from the Bank, the proceeds of which are planned to be used for the employee's benefit or for the benefit of any legal entity in which the employee has a direct or indirect personal interest

CUSTOMERS

Advice to Customers

Staff members may occasionally be asked by customers to comment upon the legality of a particular transaction. Since the Exchange 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.

Exclusive Dealings and Tying Arrangements

It is the policy of Exchange Bank that it does not condition the sale of services to a customer upon the condition that the customer must purchase other services from the Bank or upon the condition that the customer is prohibited from dealing with other suppliers of such services.

COMPETITORS

The policy of Exchange 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 inappropriate and unethical. 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 that provide for the setting or controlling of rates, prices or marketing policies.

BANK OPPORTUNITIES

Employees, officers and directors owe a duty to the Bank to advance its legitimate interest when the opportunity to do so arises. Employees, officers and directors are prohibited from:

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

CONFIDENTIALITY

Customer Information

Confidential customer information should never be discussed in public places, even within the Exchange Bank's offices. Staff members should be sensitive to the risk of inadvertent disclosure resulting from open doors, speakerphones, and cellular phones and when transmitting confidential information by fax or other electronic media. Employees shall not during or after employment use or disclose confidential information regarding employees, customers, or Bank internal information without the prior written consent of the Bank except as otherwise authorized. Failure to maintain such confidentiality may subject employees to the Bank's corrective action policies up to and including termination of employment if employed or legal action if post employment.

Exchange Bank Information

Financial or other information regarding the Exchange Bank is not to be released to any outside person or organization unless it has been published in reports to shareholders, or otherwise made available to the public through authorized news releases. All news media inquiries must be referred to the President & CEO or the Marketing Officer of the Bank. Exchange Bank expects every employee to treat information concerning the Bank and its employees with the same confidentiality as information concerning customers of the Exchange Bank and to observe, with respect to the Bank, the same guidelines set forth in the section above.

Material Inside Information

The disclosure of "material inside information" subjects staff members, Exchange Bank and third parties to whom the information is communicated to severe penalties under federal and state securities laws. Information is "material" when there is a significant likelihood that a reasonable investor would think the

information is important in making an investment decision. Information is “inside” when it has not been disseminated to the public at large. Any staff member possessing such material inside information must not trade in or recommend the purchase or sale of the securities involved until the information is actually disseminated to the public. Officers, directors and staff must not disclose confidential information of a non-public nature to any third party without consideration of the various privacy regulations. All non-public information is only to be transmitted to another officer, director or staff member on a need-to-know basis.

Insider Trading

Employees and directors of Exchange Bank 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 an employee or director of the Exchange Bank is aware of material non-public information relating to the Exchange Bank, any of its clients or any confidential party, it is the Exchange Bank’s policy that such employee or director 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. Equally important, the employee or director must maintain such information in the strictest confidence. An employee or director of Exchange Bank must also not permit any member of his or her immediate family or anyone acting on his or her behalf, or anyone to whom he or she has disclosed such information, to purchase or sell such securities.

After the information has been publicly disclosed through appropriate channels, employees and directors of Exchange Bank should nevertheless allow a reasonable time to elapse (usually two business days) before trading in the security, to allow for broad public dissemination and evaluation of the information. In view of the foregoing, it is the policy of Exchange Bank that employees and directors of Exchange Bank must not purchase or sell securities of the Bank, any client of the Bank or any confidential party, if the employee or director has, or believes he or she may have, material non-public information relating to Exchange Bank, such client or such confidential party, as applicable.

All inquiries in this regard, including, without limitation, inquiries as to whether information is material non-public information or whether a corporation or person is a client of Exchange Bank or a confidential party, should be directed to the Chief Financial Officer of Exchange Bank.

COMPANY PROPERTY

No director, officer or employee shall use Bank space, personal property, telecommunication equipment, transportation, or any facility of the Bank for activities or business in his/her personal interest or the personal interest of another, except under lease, contract, concession, or authorization in writing. Official Bank stationary shall not be used for personal communication or for communication on controversial public matters expressing opinions that do not represent official views of the Exchange Bank.

Access to Company Property

In order to assure access at all times to Exchange 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 a routine inspection or search of the Bank’s premises at any time, without the consent of the employee.

The Exchange 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. Exchange Bank property includes all tangible and intangible personal property of the Bank, including, without limitation, all furniture, equipment, file cabinets, computer hardware and software, devices, networks, communication systems, 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 electronic communication media. Routine 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 Exchange Bank property may be located, whether or not such places are locked.

All system pass codes must be available to the Exchange Bank at all times. Employees are prohibited from the using the pass code of another employee to gain access to that individual's e-mail, voice mail or computer system. Employees are prohibited from using the Exchange 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 Exchange Bank's information systems may result in disciplinary action, up to and including termination. Inappropriate transmission includes, but is not limited to, sexually explicit messages, offensive language and ethnic, racial and gender-specific slurs.

E-Mail, Internet and Social Media

Exchange Bank promotes the use of advanced technology and provides employees with access to e-mail, the Internet and the worldwide 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. Exchange Bank reserves the right to review all electronic files and messages and to monitor usage to the extent necessary to ensure that online 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.

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.

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 Exchange 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 corrective action, up to and including termination.

All Exchange Bank employees are subject to the Code of Ethics in every public setting, including the online social media setting. Online, your personal and business personas are likely to intersect. Keep this in mind when publishing information online to social media sites. Social media sites can be seen by more than friends and family, and know that information originally intended just for friends and family will surely be forwarded on.

You are responsible for your actions. Anything you post to social media sites that can potentially tarnish the Exchange Bank's image will ultimately be your responsibility. We encourage you to properly participate in social media sites, exercising sound judgment and common sense.

In addition, the Code of Ethics governs behavior with respect to the disclosure of information; remember NEVER to disclose non-public information of the Exchange Bank (including confidential information) on social media sites, and be aware that taking public positions online that are counter to the Exchange

Bank's interests might cause conflict.

REVIEW and APPROVAL OF POLICY

This policy requires approval by the Board of Directors, and changes will be reviewed annually thereafter by the Board. There is to be annual training on the policy for all directors, officers and employees of the Bank. This policy is to be read and acknowledged as having been received and understood.

CLOSING

Nothing contained in this document shall constitute any right to continued employment or benefits. Exchange Bank reserves the right to revoke or revise this policy at any time for any reason at the Bank's sole discretion. The relationship between Exchange Bank and its employees is considered "at will" employment and is not altered in any way by this policy. In the event any provision of this policy is invalid, void, or unenforceable, the same will not affect, in any respect whatsoever, the validity of any provision of this policy. The policy will be interpreted, administered and enforced according to the laws of the State of California unless superseded by Federal law.