

The Palmetto Bank

CODE OF ETHICS

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PURPOSE

The purpose of The Palmetto Bank's "Code of Ethics" is to ensure recognized standards of business conduct by providing officers and other employees with guidelines in regards to conflicts of interest. A bank's ethical character is judged by the personal conduct of its staff. Consequently, all personnel have a right as well as a need to know the conflicts of interest that banking positions present and the bank's position with regard to them. Not all conflicts of interest are avoidable, nor are they inherently violations of good conduct or law. A "code" cannot eliminate conflicts, but it will aid in establishing a well-defined procedure to avoid even the appearance of self-dealing and conflicts of interest.

As a financial service organization, our reputation for honesty, integrity, and confidentiality is vital to our success. To merit and maintain the complete confidence of our customers and the public, each employee and officer must conduct his or her personal affairs and manage his or her business transactions in a manner which does not result in justifiable criticism from the public. The appearance of a conflict of interest may be just as damaging to the bank's reputation as a real conflict and is just as difficult for the individuals involved to discern. An individual's bank position must never be used, directly or indirectly, for private gain, to advance personal interest, or to obtain favors or benefits for himself, members of his family, or any other person.

The following paragraphs provide guidance for the exercise of personal judgement in avoidance of conflicts of interest or the appearance of such conflicts.

CONFIDENTIAL INFORMATION

1. Confidential information with respect to the bank and its customers, prospective customers, and suppliers acquired by an employee in the course of duty shall be used solely for banking purposes and under no circumstance shall such information be revealed to persons outside the bank, including family or even to employees of the bank who do not need to know such information in performing their respective duties.
2. Confidential information which might reflect favorably or adversely upon the investment value or future market value of any business enterprise shall not be used in any manner for the purpose of personal advantage or to provide advantage to others. For example, confidential information coming to the Commercial Loan Department shall not be used by the Trust Department in making investments for fiduciary accounts.
3. Information regarding current or former employees is considered confidential. Because of increasingly complex legal restraints, inquiries for such information should be referred to the Human Resource Department for handling under approved rules. Similarly, inquiries about customer credit and account information must be referred to authorized personnel.
4. Other information concerning a customer, shareholder, or a particular business transaction is considered confidential and will be released externally only with the consent of the individual or organization involved or as required by law. Frequently tax authorities, law enforcement agencies or private parties involved in litigation will seek confidential information about a customer or account. Information of this kind will not be given, unless the appropriate court order or subpoena and release has been authorized and received under normal operating procedures.

PERSONAL INVESTMENTS

1. Officers and other employees shall disclose to management or the Board of Directors substantial ownership or beneficial interest in the affairs of customers, suppliers, or competitors of the bank. Directors will be guided by such laws and regulations as may be required annually under Federal Reserve Regulation O and other applicable statutes.
2. Officers and other employees shall not accept offers, which come to them because of their bank position, to buy a security at terms more favorable than those available to the general public.
3. Officers and other employees shall use prudent judgement in their personal investments.

GIFTS AND FEES

1. Officers, and other employees shall not accept gifts of more than nominal value, excessive entertainment, or other questionable favors from bank customers, or suppliers in connection with business of the bank either before or after a transaction is discussed or consummated.
2. In performance of bank services, officers and other employees shall not accept any fee or other form of remuneration which violates the law and in any event shall not accept any fee or other form of remuneration from bank customers, prospective customers, or suppliers without the prior approval of management or the Board of Directors.
3. Officers and other employees shall not borrow from bank customers, prospective customers, suppliers, or other persons or companies with which the bank conducts business, except as may be permissible with correspondent bank under current law.

OUTSIDE ACTIVITIES

1. Officers and other employees shall not engage in any business activity or any employment which interferes with their banking duties or divides their loyalty, or allows the possibility of a conflict of interest.
2. Officers and other employees shall make full disclosure to management or the Board of Directors and obtain prior approval of all outside employment, directorships, or fiduciary appointments.
3. Officers and other employees are encouraged and urged to participate in civic organizations provided such participation does not unduly interfere with their duties or bring discredit to the bank.
4. The Bank, as an institution, cannot and should not engage in politics. Officers and other employees, however, are encouraged to stay well informed on local, state and national affairs and to meet their responsibility to vote in all elections. Officers and other employees should ensure that their participation in political activities does not reflect unfavorably on the Bank.
5. Officers and other employees will participate in monetary contributions to political parties only to the extent permitted by law.

UNDESIRABLE BUSINESS

1. Officers and other employees are to avoid any appearance of discrimination in the acceptance of business brought to us by reputable persons. It should be kept in mind that accounts offered or loans requested from known controversial or questionable firms or persons should be declined. Such relationships often lead to loss and embarrassment for the Bank and should be very carefully avoided.

COMPETITION

1. Competition between this Bank and any other financial institution must always be positive and not directed in a negative and harmful manner. The best possible service and personal interest in our customers is much more effective than criticism of a competitor. Such negative criticism is not in keeping with the character of The Palmetto Bank and should be avoided in all conversation.

ADMINISTRATION

1. For the purpose of implementing this code, each officer and other employee shall review it and sign a statement to that effect, setting out any information called for by the code. Notwithstanding the required disclosures, each officer and other employee shall report promptly the existence of any relation or interest which might involve or appear to involve a conflict of interest.
2. In certain cases arising under the code, circumstances may exist which dictate that management or Board of Directors grant an exception to the general policy.

For the purpose of implementing our Code of Ethics policy, each officer and other employees of The Palmetto Bank are required to complete and return the attached questionnaire. Each officer and other employee is expected to report promptly the existence of any relationship or interest which might involve or appear to involve a conflict of interest.

Difficult questions of judgement may arise in connection with completion of the questionnaire. Any doubts should be resolved by disclosure.

RE: Policy Statement on Conflicts of Interest and Business Ethics

I have received a copy of The Palmetto Bank's "Code of Ethics." After having read the Code, I affirm that:

1. Neither I nor any member of my immediate family has made any Personal Investment construed as a conflict of interest with my capacity serving Palmetto Bank; acted upon or disclosed any Confidential Information; accepted any excessive Gifts or Entertainment; accepted any Fees or other Remuneration; borrowed from Customers or Suppliers; or bought or sold assets at more than favorable terms except as follows:

2. I do not presently hold a position as director, officer, partner, or other official position in any business or professional enterprise maintaining a customer relationship with Palmetto Bank except as follows:

*Name and Address of Corporation or Firm _____

Official Capacity _____

Per Cent of Ownership of Firm _____

*If a position is held solely for the purpose of representing the Bank, please state this fact.

3. I am not presently engaged in any Outside Employment, except as follows:

Name and Address of Employer _____

Capacity _____

Salary or Other Remuneration _____

4. Neither I nor any member of my immediate family is presently engaged in any activity which may reasonably be deemed a conflict of interest with The Palmetto Bank's basic policy but which is not specifically covered in the Code except as follows:

Date _____ 20 _____

Signature _____

Full Name (please print) _____

Department or Branch _____

Home Address _____

Position _____