

MOUNTAIN NATIONAL BANK

Code Of Ethics

FOREWORD

We, as bankers, are continually monitored by public opinion. A bank is judged by the collective and individual performance of its directors, officers, and employees. Bankers traditionally have recognized that their first duty to the bank, its customers, and its shareholders is to act in all things in a manner that merits public trust and confidence.

No profession and no industry have maintained higher standards of conduct, and for this we can be proud. However, it is essential that we maintain and enhance our reputation for performance and integrity.

For this reason, and in view of today's business and political climate, it is desirable to formalize a code of conduct for Directors, Officers, and Employees of **Mountain National Bank**. In our field, common sense is an absolute necessity to avoid potentially embarrassing situations. The following pages provide you only with certain guidelines. In no way should the Code of Ethics be construed as establishing maximum standards of conduct rather than minimum standards.

You are asked to read these guidelines carefully, and having read and understood them, to sign the attached statement indicating that you have done so. It is essential that the stated principles be observed at all times and that the development of any situation not consistent with such principles be discussed with an Executive Officer.

Dwight B. Grizzell
President

REV 3/3/09

CODE OF ETHICS

I. PREFACE

As Employees* of **Mountain National Bank**, we assume a duty to the Bank, its Customers, and Shareholders. Such duty is to act in all matters in a manner that will merit public trust and confidence. This duty extends to all activities - both personal and professional. Each Employee of the Bank is expected to direct his/her personal conduct in a manner that will bring credit to his/her organization and to avoid any action, which would discredit the Bank. Moreover what an Employee is prohibited from doing directly hereunder shall not be done or knowingly permitted to be done indirectly through relatives, friends, or otherwise.

In the exercise of privileges and authority arising from Bank employment, two fundamental principles apply: a Bank Employee will place the interests of the Bank ahead of his/her own private interests, and a Bank Employee has a duty to make full disclosure of any situation in which his/her private interests create a conflict with those of the Bank. It should be remembered that the appearance of a conflict of interest might be just as damaging to the Bank's reputation as a real conflict and is just as difficult for the individuals involved to discern.

In order that all of us who work together may have a common understanding of these important matters, the Board of Directors has adopted this written Code of Ethics for your information and guidance. You are requested to read this statement, to understand its purposes, and to consult with management if there are uncertainties or questions about the meaning of this policy.

In order to insure that this Code of Ethics has been understood as the Policy of the Bank by all of us, each Employee will be requested to sign as an indication of understanding and compliance.

It is believed that many problems that might otherwise arise can be avoided by the application of the provisions of this Code to all matters of a questionable nature.

Wherever this Policy calls for reporting or disclosure, it is intended that all Employees, other than the Officers and Directors, will report to the Senior Vice President or Executive Vice President in charge of their particular area (i.e. Executive Vice President/Chief Operating Officer, Executive Vice President/Chief Lending Officer, Senior Vice President-Credit Support, Senior Vice President-Administration). Reports of the Officers and Directors shall be made directly to the President for presentation to the Board of Directors.

* The word "Employee" as used throughout this document generally includes unless specifically excluded all Directors, Officers, and Employees - full-time, part-time and seasonal.

** Specifically excludes Directors.

If any Employee believes that unusual circumstances will justify his/her engaging in an activity that is in conflict with this Policy, he/she may request to be granted an exception. Such a request should explain the circumstances and activity for which an exception is sought. All such requests will be reviewed by the Board of Directors on a case-by-case basis as the need arises.

II. ETHICAL CONDUCT IN RELATION TO THE CORPORATION

In accepting employment, the Employee assumes a position of trust with respect to the best interests of the Customers, Shareholders, and the general well being of **Mountain National Bank**. He/she is, therefore, ethically bound to act in a manner consistent with this trust.

Specific ethical concepts supporting this role are as follows:

- A. An Employee is ethically bound to separate personal matters and feelings from Bank interests and decisions.
- B. An Employee is ethically bound to avoid community relationships or roles, which could be detrimental to the Bank and is ethically bound to obtain clearance before entering any situation of possible conflict. (See Section VII that deals with the subject of the Conflicts of Interest.)
- C. An Employee is ethically bound not to commit himself/herself or the Bank to be a sponsor of any organization or of any function or affair in connection that the Bank's name or the Employee's affiliation with the Bank would be or might be used without the prior written consent of an Executive Officer.
- D. An Employee is ethically bound to hold in trust all information pertaining to the Bank and its Customers that has been given in confidence; it is ethical to discuss matters pertaining to Customer relationships only when necessary to serve the Customer's needs.
- E. An Employee is ethically bound to refuse an assignment that he/she knows he/she cannot carry out, whatever the reason.

III. ETHICAL CONDUCT IN RELATION TO THE ORGANIZATION

An Employee represents the organizational structure that has been established to carry forward **Mountain National Bank** objectives and to carry out its processes. The well-being of the Bank depends upon maintaining that structure and the coordination and integration for which it is designed.

Therefore, an Employee is ethically bound to behave in a manner that supports the organizational structure as it exists. If he/she believes the structure should be changed, he/she should seek such change only through proper channels provided for that purpose.

Specific ethical concepts which support this general ethic are as follows:

- A. An Employee is ethically bound to follow established organizational channels except in situations in which violation of channels is justified on the basis of the magnitude of the problem.
- B. It is ethical for an Employee to interfere in affairs for which he/she has no responsibility only when the case is of such gravity that intervention is clearly in the best interest of the organization.
- C. An Employee is bound to honor the entire organizational structure in carrying out her/his role and is ethically bound to require this of his/her subordinates.
- D. Financial information about the Bank is not to be released to any person unless it has been published in reports generally available to the public. Any questions concerning a request for confidential information should be brought to the attention of the President immediately and **PRIOR TO THE RELEASE OF ANY INFORMATION.**

IV. ETHICAL CONDUCT IN RELATIONS WITH SUPERIORS

An Employee has an important responsibility to behave ethically in dealing with his/her superiors. The ethical Employee recognizes the need to behave in a manner which supports the efforts of all his/her superiors and which supports the organizational structure of **Mountain National Bank**. Specific ethical concepts are as follows:

- A. An Employee is ethically bound to take responsibility for his/her own actions and does not assign responsibility upward.
- B. An Employee is ethically bound, in dealing with subordinates and others, to support, in both actions and words, the decisions of his/her superiors.
- C. An Employee is ethically bound to keep in confidence all information given to him/her by superiors that does not need to be disseminated.
- D. An Employee is ethically bound to furnish to his/her superiors all information he/she has that would be helpful in making decisions.
- E. An Employee is ethically bound to refuse to take advantage of any personal relationships in dealing with superiors.
- F. An Employee is ethically bound to refrain from discussing superiors or their decisions with co-workers or subordinates.

V. ETHICAL CONDUCT IN RELATIONS WITH SUBORDINATES

An Employee may stand in a crucial role with respect to the well-being and progress of his/her subordinates. His/her subordinates are directly and indirectly dependent upon him/her and his/her actions for a basis of building their careers and their security. The Employee with subordinates has the authority, and the subordinates cannot be self-determining.

Therefore, an Employee who accepts a position of authority is ethically bound to use his/her authority for the good of **Mountain National Bank** in a manner that is as compatible as possible with the good of the Employees who are depending upon him/her.

Specific ethical concepts supporting this general ethic are as follows:

- A. An Employee is ethically bound to avoid developing personal relationships that will jeopardize his/her ability to carry out his/her role, or which will prejudice him/her in his/her dealing with subordinates.
- B. An Employee is ethically bound to act in a manner as consistent as possible with the good of subordinates and other Employees dependent upon him/her; to actively assist subordinates in developing their talents, and to administer pay and other rewards and disciplinary actions in a manner consistent with policy.
- C. A Supervisory Employee is ethically bound to inform a subordinate of any negative opinion or criticism of his/her work.
- D. An Employee is ethically bound to treat a subordinate with due regard for his/her dignity and standing with others.
- E. An Employee is ethically bound to refrain from discussing superiors, peers, or subordinates with his/her subordinates.

VI. GENERAL ETHICAL CONDUCT

- A. An Employee is ethically bound to avoid repeating negative information unless it serves a constructive purpose.
- B. An Employee is ethically bound to avoid the discussion of important information with individuals not requiring the information for performance of assigned duties.
- C. An Employee is ethically bound to use the authority vested in him/her by right of his/her position only in instances relating to his/her position.
- D. An Employee is ethically bound to behave at all times in a manner consistent with the behavior of a person of integrity.
- E. An Employee is ethically bound to limit his/her expressions to his/her given role with the organization in the discussion of information regarding **Mountain National Bank**.
- F. An Employee is ethically bound to avoid making any statement that could be construed or interpreted as legal advice.
- G. An Employee is ethically bound to avoid making any statement that could be construed or interpreted as advice on matters concerning tax problems, or in the preparation of tax returns, or in investment decisions except as may be necessary or appropriate in the performance of a fiduciary duty as otherwise required in the ordinary course of his/her duties.
- H. An Employee is ethically bound to avoid recommending attorneys, accountants, insurance brokers or agents, stockbrokers, real estate agents and the like to Customers unless in every case several names are given without indicating favoritism.

VII. ETHICAL CONDUCT AND CONFLICTS OF INTEREST

A. General

1. We are judged at **Mountain National Bank** by the collective and individual performance of our Employees. Thus, we must recognize that our first duty to the Bank, its Customers, and its Shareholders is to act in all things in a manner that merits public trust and confidence.

Our reputation for integrity is our most valuable asset and is determined by the conduct of every Employee of this bank.

The personal and business affairs of each Employee must be managed so as to avoid situations that might lead to a conflict between self-interests and duty to the Bank, our Shareholders, and our Customers.

2. Any Bank transaction which might involve a conflict of interest on the part of a Bank Employee shall be assigned to another Employee to maintain an “arm’s length policy” in the matter. Such conflicts might include, but are not limited to, transactions where the Employee or a member of the Employee’s family has an interest in the entity that is involved in the transaction with the Bank. This procedure will act to protect all parties from a possible self-dealing charge, which might originate from another source.
3. Employment of relatives of Employees is normally discouraged. However, exceptions may be granted when the applicant possesses exceptional qualifications, and when it can be demonstrated that total separation of duties is possible.
4. The granting of special favorable privileges to Directors, Executive Officers, Banking Authorities and others is prohibited.

Directors who are suppliers must not be favored. Persons holding politically sensitive positions, supervisory authorities and examiners must be accommodated in strict adherence to applicable laws and regulations governing such cases.

5. Employees and members of their immediate families, whether acting individually or in a fiduciary capacity, are not permitted to sell assets to or purchase assets from the Bank or engage in any other transaction that might be considered as “self-dealing” without the express written approval of the Bank. This does not apply to the sale of assets, other than in a fiduciary capacity, which is being offered by the Bank at public sale or public auction.
6. Employees must avoid potential risks and dangers including conflicts of interest. To this end, Congress has prohibited by various statutes certain specific affiliations of Employees of national banks. These include serving as a Director, Officer or Employee of the following:

- a. another bank, trust company, mutual savings bank having capital stock or the like (15 U.S. Code 19);
- b. a dealer in securities (12 U.S. Code 78);
- c. a public utility holding company or its affiliates (15 U.S. code 79q(c)); and/or
- d. an interstate power company (16 U.S. Code 825d(b)).

In addition, there are laws against having certain affiliations with the following:

- a. a registered investment company (15 U.S. Code 80a-10c); and
- b. an indenture trustee (15 U.S. Code 77j(b)).

Since these prohibitions or limitations have varying provisions, limitations, and exceptions, no Officer or Employee** should serve as a Director, Officer, or partner of any association, partnership or corporate entity for the purpose of making a profit without the prior approval of the President.

Serious conflicts are especially apt to arise if the outside company in question is a borrower. Situations should be carefully avoided where the advancement of the Bank's interests as creditor might conflict and interfere with its duties as fiduciary.

This policy does not, of course, apply to such participation in church, civic, charitable, and other non-profit organizations.

- 7. Employees who serve as Officers of the Bank and are a Vice President or above are required to report to the Board of Directors on an annual basis all borrowings, including the endorsement or guarantee of the obligations of another, from commercial banks (other than this Bank), savings banks, savings and loan associations and credit unions, and all unsecured borrowings from finance companies (including bank charge plans and revolving credits).

Non-Officer Employees may be requested to furnish financial statements from time-to-time, either in connection with a loan request, or in compliance with the Bank's internal audit program.

- 8. Except for a member of the Employee's immediate family, prior approval by the President is required before acceptance by an Employee of an appointment as a fiduciary or co-fiduciary (executor, administrator, guardian, or trustee) either with the Bank or with another person, firm, or corporation (refer to the Comptroller of the Currency Regulation 9.15 (b)).

It is recognized, however, that while it is not generally appropriate for Employees to serve in these capacities, occasionally there may be cases where, either for technical legal reasons or because of customer relations, an Employee of the Bank may be called on to serve as a fiduciary or a nominee in a representative capacity. All such appointments should be discussed with and approved by the President prior to acceptance.

B. PERSONAL INVESTMENTS

1. Employees and Officers **shall disclose to their respective Executive Vice President or to the Board of Directors, substantial ownership or beneficial interest such as acting in any capacity – including officer, partner, associate, consultant, distributor, agent or the like – for suppliers, contractors, subcontractors, industrial customers or other entities that **Mountain National Bank** does business with or for a competitor of the Bank.

Further, if a family member of an Employee or Officer ** of the Bank, particularly if living in the same household of such Employee or Officer acts in any capacity including officer, partner, associate, consultant, distributor, agent, or the like – for suppliers, contractors, subcontractors, industrial customers, or other entities with which the bank does business or for a competitor of the Bank, this should also be disclosed.

If a conflict of interest with the Bank exists, or appears to exist, the person receiving the information will notify the Employee or Officer** of the conflict and inform him/her of the necessary action to remedy the conflict.

2. Employees and Officers** shall not engage in unwarranted speculation in securities, foreign exchange or commodities. Such an investment should be considered unwarranted in amount when a complete loss would prove to be a financial burden to the Employee or Officer. The New York and other security and commodity exchanges have rules that require employees of banks, trust companies, and other financial institutions to obtain the prior approval of their employers before opening a margin account.
3. Employees shall not accept offers, which come to them because of their position, to buy a security at terms more favorable than those available to the general public.
4. Employees and officers **who deal with a particular Customer or Supplier of the Bank should not invest in the capital stock or other securities of such Customer or Supplier, unless such securities are widely held (e.g. traded on a national exchange or in the over-the-counter market). An investment that is otherwise prohibited under this rule may be proper if the size of the investment is small and could not be expected to influence your dealings with the Customer or Supplier, and you disclose your intention to make the investment to the appropriate person.
5. Employees shall not use any information, which may be available to them through their position in the Bank, or their association with Customers, to influence personal investments. Further, Employees shall not take for himself/herself or divert to others, directly or indirectly, any business opportunity in which it is known or could reasonably be anticipated that

the Bank would be interested. The use of such information for personal profit or the disclosure of such information to others for their profit is unethical and illegal.

Employees shall not use the facilities to which he/she has access through the Bank in a manner that is not in the Bank's best interest.

6. Employees** shall not invest as a principal in any association, partnership, or corporation for the purpose of making a profit, without the prior approval of the President.
7. Employees are encouraged to develop themselves through outside interests and participation in public and community affairs, which directly or indirectly benefit the Bank. Such activities are a necessary part of our daily lives and serve to benefit all of us. However, there are express limitations as to the nature of these interests or personal investments of time, talents and money, where participation serves to interfere with the performance of Bank duties. Such activities are to be avoided and would include, but are not limited to:
 - a. Steady part-time employment** (with the exception of military service). This does not pertain to part-time Employees. However, part-time Employees as well as full-time Employees of the Bank must disclose other part-time employment to their respective Executive Vice President, both as to income received and time involved.
 - b. Personal management of another business operation as outlined herein.**
 - c. Membership in clubs or organizations, the nature of which could be considered detrimental to the best interests of our Bank or the community within which we operate.
8. Employees** who have been authorized to act as officer, director or employee of an outside business or to engage in any other outside employment are permitted to retain all compensation paid to him/her therefore. Honorariums received by Employees** for public appearances must be paid over to the Bank if the time used for such appearances is normal working time.

C. CORPORATE AND EMPLOYEE POLITICAL ACTIVITIES

Federal law prohibits the use of corporate funds for the political contributions involving elections to federal office. The only exception is the use of funds for administrative costs of a federal political action committee formed under federal laws and regulations.

Some states also prohibit the use of corporate funds involving elections to state political offices.

The following delineates **Mountain National Bank** Policies with respect to corporate political contributions, political activities of Employees, and the Bank as a corporate citizen. Bank resources, finances, or facilities may not be used to make or to support the solicitation of a political contribution to any individual, political candidate, or political party except where such a contribution is lawful and approved in advance by the Board of Directors. It is the policy of the Bank not to approve or concur in any proposal that a political contribution be made if the purpose of the contribution is to purchase favor for a particular corporate operation or to aid a partisan attempt to secure or hold government power. Concurrence may be given for modest political contributions in states or countries where such contributions are authorized by law and where the contribution will further the democratic political process. Public disclosure will be an essential condition of concurrence.

D. POLITICAL ACTIVITIES OF EMPLOYEES

Mountain National Bank believes that it is important for every citizen to take an active interest in political and governmental processes. Employees are encouraged to keep themselves well-informed concerning political issues and candidates, and to take an active interest in all such matters.

Political activities, in addition to voting in each election and participating in discussion groups at churches, clubs, neighborhood associations and the like, may also involve the following:

1. Political party assignments. Examples: party official, precinct worker, poll watcher.
2. Working for an individual running for public office. Examples: campaign chairperson, campaign treasurer, member of the committee.
3. Running for elective office. A legally prescribed elective office of a city, county, state, or political subdivision (school districts and water and fire districts), or the federal government.
4. Acceptance of appointive office. A position, office, or assignment associated with a city, county, state or political subdivision or the federal government to which an individual succeeds by other than public election.

In all cases Employees participating in political and civic activities such as those listed above, do so as individuals and not as representatives of the Bank.

To avoid any interpretation of Bank sponsorship or endorsement, neither the Bank's name nor its address should be used in material mailed or fund collection, nor should the Bank be identified in any advertisements or literature.

Under state law, campaigning for oneself or for other candidates must be done on the Employee's own time, except on a casual and/or occasional basis.

Approval of the Board of Directors is required before accepting an appointive office or running for elective office, as is the full disclosure of the salary or fees received and the approximate amount of time required.

Management will give consideration to request for leaves of absence to fill elective or appointive full-time posts in government or to participate on a full-time basis in political campaigns. In the case of Employees serving as members of the state legislature, leaves of absence will be given in accordance with state law.

E. MOUNTAIN NATIONAL BANK AS A CORPORATE CITIZEN

As a corporate citizen, the Bank may from time to time take stands on issues of public policy, particularly those that affect the interests of the Bank, its Employees, Stockholders, Customers, or Suppliers. These occasions may arise through legislative, administrative or regulatory activities at various levels of government, through the initiative and referendum process, and through other procedures involving a vote of the people. In such cases the Bank may, with the express approval of the Board of Directors, express its views publicly and spend Bank funds in a lawful manner to ensure that its position is effectively disseminated. It may also, when lawful and with the Board's approval, provide financial support to groups and organizations that advocate essentially the same position as the Bank has taken. Particular care shall be taken to ensure that any such expenditures are given proper tax treatment.

F. GIFTS AND FEES (Refer to 18 U.S. Code 215)

1. Employees shall neither accept directly or indirectly or give gifts of more than nominal value, i.e. \$100 or less, excessive entertainment, or other unusual favors from or to customers, prospective customers, or suppliers. The term "gift" includes, but is not limited to, substantial favors, money, credit, special discounts on goods or services, free services, loan of goods, money, tickets to entertainment events, trips, hotel expenses, excessive entertainment, food or beverages. Gifts, which arrive at intervals, such as books, records, fruit-of-the-month, etc., are to be evaluated on the basis of their annual cumulative value. Gifts to all members of an Employee's immediate family are included in this policy. Cash gifts are prohibited. Gifts in excess of this amount should either be declined diplomatically on the premise that acceptance would be contrary to the policy of your

employer, or reported to your respective Executive Vice President, so that appropriate action may be considered.

It is recognized that on occasion, especially at the holiday season, gifts of nominal value representing expressions of friendship are sometimes offered to Employees by Customers. It is further recognized that the adoption of an inflexible policy, prohibiting receipt of all such gifts, might be misunderstood and might damage a friendly relationship between the Customers and the Bank.

2. Employees shall not borrow from nor lend to Customers, prospective Customers, Suppliers, other Bank Employees, or other persons or companies with whom the Bank does business except relatives and those engaged in lending in the usual course of business. This does not apply to normal credit granted to individuals by merchants for the purchase of goods and services carried on open account.
3. Employees shall not accept a gift, personal fee or commission in connection with any corporate transaction.

VIII. ETHICAL CONDUCT IN RELATION TO CREDIT AND LOANS

In the banking industry, there is no singular area that is more closely scrutinized and criticized by the regulators than the lending area. Additionally, due to the recent consumer-oriented legislation, this area is continually under fire by attorneys and consumer-rights groups.

To best protect the interest of the Bank, the Board of Directors has adopted certain policies and procedures for credit and loan administration to serve as a “road map” in the day-to-day operations of the lending area. While the following guidelines are generally covered in the Bank’s overall Credit Policy, they are restated herein to reinforce their compliance.

- A. All Employee loans will be approved by the Employee Loan Committee comprised of the President and his designees using the same credit criteria as required for Bank Customers.
- B. Loans to Directors and Executive Officers must comply with the terms of Regulation O. Such loans may NOT be made at terms more favorable than those terms available to the general public, and must be approved IN ADVANCE by the Board of Directors. Loans to corporate entities in which a Director/Officer of the bank is also a Director/Officer will be judged on the merits of the corporation as a separate entity, and not on the basis of his/her association with **Mountain National Bank**.
- C. In the day-to-day administration of the loan function, all personnel are required to follow established procedures in regard to foreclosures, repossessions, and/or the “calling of loans,” documenting all actions for file purposes. Personnel should exercise the utmost cautions to ensure that

decisions and conclusions are warranted, and not the result of personal feelings, problems, or mood swings.

- D. Loans to Officers, Directors, and Employees of other financial institutions will be granted on a merit basis, using the same criteria as stated in the Bank's Credit Policy.
- E. No Employee shall give nor accept any fee or portion of any charge made or received for the rendering of a settlement service in connection with a federally related mortgage loan other than for services actually performed.

IX. ANTITRUST MATTERS

It is the policy of **Mountain National Bank** to comply in all respects with the antitrust laws and the public policies they represent.

The United States was founded on faith in a competitive, free enterprise system. The country's success and economic strength are traceable in no small part to the advantages of that competitive system. The antitrust laws, both state and federal, were enacted as a means for preserving and enhancing that system by promoting healthy competition. Therefore, management strongly endorses this policy of antitrust compliance.

While there may be room for criticism of particular sections or interpretations of the antitrust laws or their application to certain situations, responsible business people readily recognize the tremendous contributions those laws have made both to our economic freedom and to healthy relationships with our Customers, Suppliers, and Competitors.

The antitrust laws are sometimes vague, and their application is often uncertain. Therefore, advice of corporate counsel should be obtained whenever there is the slightest doubt as to the legal propriety of any contemplated course of action or of a proposed transaction. Violations of the antitrust laws can involve the Bank and individual Employees in the gravest of difficulties, including both fines and the substantial risk of imprisonment.

Employees of the Bank, wherever located, are expected to conduct their operations in a manner consistent with this policy.

- A. No Employee shall enter into any understanding or agreement—whether express or implied, formal or informal, written or oral—with any other party, fixing, limiting, or restricting any of the following aspects of the competitive strategy of either party or of the business offering of either party: prices, costs, profits, product or service offerings, terms or conditions of sale, deliveries, market position, decisions to quote or not to quote, customer or supplier classification, sales territories, or distribution methods or channels.
- B. No Employee shall discuss or exchange any information on process or any element of prices with any competitor except in connection with a bona fide purchase from a sale to the competitor.

Section 2 of the Robinson-Patman Act prohibits the solicitation or knowing receipt of discriminatory prices which are neither cost justified nor made to meet a lawful competitive price or promotional or advertising allowances, services or facilities not available to all purchasers similarly situated.

- C. No Employee shall solicit or knowingly accept on behalf of the Bank any price, service, facility, or allowance prohibited by the Act. While the application of the Act to many situations is obvious, it is often unclear and may depend on legal interpretation of actual and economic factors. In situations where the application of the Act is not clear, the matter should be referred to corporate counsel before any action is taken which might violate the Act.
- D. No Employee shall engage in the practice of “reciprocity” in any form. All Employees engaged in buying activities shall base their decisions strictly on price, quality, and service without reference to whether the supplier is buying or may buy from the activities and shall solicit sales solely on the basis of price, quality, and service without reference to purchases from a prospective Customer by the Bank. However, when all givers are equal, priority will be first given to established Bank Customers and/or local suppliers or vendors.

Trade associations perform useful and legitimate functions; however, including the trade association should not be undertaken unless corporate counsel has advised that its purposes are proper and lawful.

- E. No Employee shall be authorized to participate in any meetings with representatives of competitors held by a trade association, professional society, management association, or government advisory committee in which discussions range into improper areas. Any Bank representative must immediately disassociate himself/herself from such a discussion and leave the meeting.
- F. No Employee shall even discuss any of these points or topics as set forth under A, B, C, or D above with our competitors, even on a social or informal basis. Discussion is dangerous since it gives rise to the possible inference that there was agreement. This is a difficult inference to disprove. It may later be difficult to recall the conversation unless notes are taken. If you are with representatives of the competitors who begin to discuss such matters, you should ask them to change the subject and, if they fail to do so, you should leave the gathering. You should not stay and listen, even though you do not participate.
- G. No Employee involved in the planning of any joint venture shall embark on any joint venture without first obtaining the advice of corporate counsel. Joint ventures have long been an acceptable business activity; however, at the same time, they may entail substantial antitrust risks. The Bank must be assured

that any such enterprise in which the Bank would be involved operates only in legally proper areas.

X. TRANSLATION

The Code of Ethics is a very serious document and Employees violating the Code will be reprimanded or dismissed depending upon the violations and circumstances. Ignorance of the Code is not an acceptable excuse.

If you as an Employee have any questions about the Code, please ask the appropriate person; and please ask prior to the action, not afterwards. By the same token if an Employee does not have any questions about an action prior to the action taking place, but does have questions after the action, he/she should report the situation and circumstances as soon as possible.

Sometimes words clearly define, and yet at times words obscure the real meaning or the serious nature of the meaning. For example, we have defined gifts both acceptable and unacceptable, but what may not have been communicated is that an unacceptable gift, given or received may be a bribe. The phrase “may be a bribe,” is used because an acceptable gift (i.e. gift of nominal value) may be offered with the intent to bribe and on the other hand an unacceptable gift may be offered with no intent whatsoever to bribe. Thus the spirit in which the gift is offered determines the intent; however, the spirit does not mitigate the definition of what is an acceptable or an unacceptable gift.

Therefore, both the letter of the law (Code) as well as the spirit of the law (Code) must be understood, and it is both which we keep as Employees of **Mountain National Bank**.

There is another side to the Code which may not be as clear as desired, and that is the responsibility of the Bank and/or of each Employee to report to the appropriate authority or person knowledge of violations or attempted violations of the Code. Let this be explained carefully so that it is not misinterpreted.

As in the case of an Employee, if a Customer or Supplier, etc., offers a gift with the intent of bribing, that information should be reported immediately. By the same token, if you KNOW an unacceptable gift was offered with the intent to bribe and the gift was accepted by the Employee, you should immediately report the occurrence to the President or an Executive Officer.

This does not mean that we are watchguards of one another, but it does mean that if we observe or know of—NOT THINK WE SAW OR HAVE HEARD SECOND HAND—a violation of the Code by another Employee, it should be called to the attention of the proper person without first discussing the matter with your fellow Employee.

As in the case of the Bank, when an Employee is found to have committed a dishonest or fraudulent act, the Bank is required to report the act as soon as it is discovered to federal law enforcement and regulatory authorities.

Bank Employees who become aware of dishonest acts in Bank employment by other Employees must call such matters to the attention of an Officer. Failure to disclose known dishonest acts can classify a person as an accessory to the fact.

XI. ADMINISTRATION AND IMPLEMENTATION

The Code of Ethics policy will be administered by the Bank's Executive Committee or by the Board of Directors. Within the text of the document when it refers to asking or reporting to the proper person or the appropriate authority, it means the above named person(s).

All Employees will be asked to sign a statement acknowledging that they have received a copy of the Code of Ethics that they are familiar with its contents and understand the meanings expressed and implied. This procedure shall be undertaken annually. Any new Employee will, prior to being employed, be asked to sign the same statement.

The Executive Committee shall report to the President with recommendations for disciplinary action.

XII. AMENDMENTS

Amendments, additions, substitutions, and other changes to the Code of Ethics may be made at any time by the Board of Directors. In the event such changes are made, all Employees must be informed of the changes in writing and shall be asked to sign another statement that reflects their receipt and understanding of the Code as amended.

Code of Ethics confirmation sheet can be found on page 17.

MEMORANDUM

TO: Dwight B. Grizzell
President/CEO

FROM: _____
(Please print or type your name)

DATE: _____

RE: **Mountain National Bancshares, Inc. and Mountain National Bank –
Code of Ethics**

I have received a copy of the **Mountain National Bancshares, Inc. and Mountain National Bank** Code of Ethics and have studied it carefully.

By my signature below, I am indicating that I not only understand it, but that I am in compliance with it except as set forth below.

I agree that if circumstances of a personal or family nature arise that might lead to a conflict of interest I will report it to you before taking action.

Signature of Employee/Officer/Director

Updated and approved by BOD 3/3/09