



FIRST BANK OF DELAWARE

Code of Ethics

Policy Statement: Each Director, Employee or other affiliated person of a bank, company or holding company, has a fundamental duty to avoid placing him/herself in a position that creates, or which leads to or could lead to, a conflict of interest or the appearance of a conflict of interest.

First Bank of Delaware, its subsidiaries or affiliates (hereinafter the Company) employs each of us to serve the legitimate needs of our customers and shareholders in a professional, legal and an ethical manner. Our livelihoods are dependent upon the profitable and legal operation of the Bank and therefore, we have a right to expect from our associates the kind of honesty and integrity that will assure us that the assets of the Company are always secure and its reputation held in the highest esteem.

Employees are expected to report any potentially unethical conduct and will not be penalized in any manner for fulfilling their duty to report such activity. This Code of Ethics reflects the Company's policy of responsible and ethical business practice as it applies to all employees and Directors. This Code is not prompted by any lack of faith in the integrity of our employees; rather it is designed to review and emphasize the high standards expected of every person connected with the Company.

Employees should discuss, with their immediate supervisor, questions concerning the Code or its proper application. Any remaining questions should be directed to the Human Resources Manager. Directors having questions or concerns about issues that the Code may govern should contact the Chief Risk Management Officer.

It is impossible to include all actions, activities, relationships or interests prohibited or covered under this Code; however, it is, in general, the spirit of the Code that we should observe faithfully and under all circumstances. *This Code does not constitute an employment contract, create any contractual rights or change the Company's "at-will" employment policy.*

Policy Details:

1) **DEFINITIONS**

- a. **"First Bank of Delaware"** refers not only to the Corporation itself, but also to the subsidiaries and affiliate banks and non-bank subsidiaries and affiliates.
- b. **"The Company"** refers not only to First Bank of Delaware, but also to the subsidiary and affiliate banks and non-bank subsidiaries and affiliates.
- c. **"Employee"** refers to all officer and non-officer personnel, both full and part-time.
- d. **"Director"** refers to directors of the holding company, bank and non-bank subsidiaries and affiliates.
- e. **"Immediate family"** refers to an individual's spouse, children, grandchildren, parents, grandparents, brothers, sisters and in-laws (mother, father, sister and brother), and any other relatives residing in the individual's home.
- f. **"Affiliate"** refers to an organization that is 25% or more controlled by the Bank or by the Bank's holding company; a person that is a director, officer, controlling person or the spouse of a director, officer or controlling person; a member of the immediate family of a director, officer, or controlling person, who has the same house as a director, officer or controlling person; a director, officer or controlling person of any subsidiary of the Bank or any holding company affiliate of the Bank. In addition, affiliate includes any corporation or organization of which a director, officer or controlling person of the Bank:
 - i. is a Chief Executive Officer, Chief Financial Officer or a person performing similar functions;
 - ii. a General Partner;
 - iii. Is a Limited Partner who with or without his or her spouse or immediate family owns an interest of 10 percent or more in the partnership; or with other directors officers or controlling persons and their spouses or immediate family of the Bank owns 25 percent or more of the partnership.

2) **Nondiscrimination.** The Company employees are expected to observe and demonstrate nondiscrimination in their relations with each other and with customers and suppliers. The opportunity for employment, assignment of duties and promotion will be offered on basis of merit without regard to race, color, religion, sex, age, sexual orientation, national origin, marital or veteran status, or the presence of an actual or perceived disability. In addition, we will manage the workplace at all levels to assure that the corporate environment will be free from sexual or other unlawful harassment for all.

3) **Confidential Information.**

a. **Inside Information.** The Company sometimes has information about itself or receives information about its customers and suppliers that is “inside” or “nonpublic,” i.e., not generally available to the investing public. Nonpublic or inside information must be recognized and kept strictly confidential. Information (for example, financial information, such as earnings projections, dividend reductions or increases, or significant unexpected losses or gains, or proprietary information relating to personnel, such as salary or benefit information) acquired by Employees through their employment is considered privileged information and is to be used for legitimate business purposes and never as a basis for personal gain.

While it is necessary that there be a flow of information throughout the Company, confidential information available to First Bank of Delaware should be communicated to another subsidiary, unit or department only when a legitimate “need to know” business purpose exists. In no case will such information be transmitted to persons outside the Company, including family or associates, or even to other Employees with the Company, who do not need to know this information in the discharge of their duties. The obligation to maintain such information as strictly confidential continues after termination of employment.

b. **Requests for Information.** Employees who are required to respond to requests for information from internal auditors, outside examiners, or independent auditors will do so candidly and completely. No adverse data will be concealed from an employee’s superiors. Requests for information pertaining to customers (other than routine credit inquiries), including requests pursuant to legal process (such as subpoenas or court orders), should be promptly referred to the Corporate Secretary for distribution to the appropriate division. No information may be released, nor may the customer involved be contacted, until the appropriate department reviews and approves the request.

c. **Regulatory Examination Information.** Regulatory examiners periodically examine the Company. Any reports made by those agencies are the property of those agencies and are strictly confidential. Disclosure of information from those reports, in any manner, to anyone not officially connected with the Company is a criminal offense.

4) **Conflict of Interest.** Actions that benefit, or appear to benefit an Employee or Director to the detriment of the Company or our customers must be avoided. We require that Employees and Directors disclose all actual or potential conflicts of interest. Examples of Conflicts of interest are but not limited to:

a. **Personal Interest in a Transaction.** Employees and Directors may not represent the Company in any transaction if their personal interest in the transaction might affect their ability to impartially represent the Company.

b. **Supplier/Vendor Selection.** Suppliers and vendors must be selected solely on the basis of the best interests of the Company.

c. **Credit Extension.** No Employee or Director will make, approve, or modify any extension of credit, or enter into any transaction on the Company’s behalf with companies in which

the Employee or Director has any financial interest or an interest as an Employee or Director, controlling person or partner, or in which any member of the Employee's or Director's immediate family has such an interest. Additionally, Employees and Directors may not extend credit to members of their immediate families. Such individuals must excuse themselves from involvement in these transactions.

- d. **Purchase of Company Assets.** Employees are prohibited from directly or indirectly buying assets from or selling assets to the Company or any account for which the Company acts as fiduciary without prior written consent from their manager and court or regulatory approval, as required.
- e. **Outside Employment or Activities.** Certain activities or other employment may present a conflict of interest or be in violation of this Code. Please refer to point 10 of this Code for details.

The above situations are provided as examples to you; however there are many other situations that would create conflicts of interest. Accordingly, Employees and Directors must consider their actions and ensure they avoid conflicts.

- 5) **Gifts and Entertainment.** Extreme caution should be exercised anytime a Director or Employee accepts a gift or favor from a customer or other third party related to or conducting business with the Company.
 - a. **Soliciting or Accepting Gifts, Entertainment, Special Favors, Etc.** As a general rule, the Company Employees and Directors are prohibited from soliciting or accepting for themselves or for a third party anything of value from anyone in connection with the business of the Company either before or after a transaction is discussed or consummated. No one should accept a substantial gift or excessive entertainment (amount more than \$100) from any customer or supplier or from any person or firm seeking a special benefit, a loan or any business from the Company.

We must refuse substantial gifts or excessive entertainment as diplomatically as possible. Reference to this Code and the Bank Bribery Act (which is attached to this policy) should be very helpful in refusing substantial gifts or excessive entertainment. ***Never accept money no matter how small the amount.***

- b. **Guidelines Regarding Modest Gifts.** The purpose of the Company's general rule against the acceptance of gifts is to prevent the actual or perceived corruption or breach of trust; however some modest gifts and entertainment that do not involve any improper or corrupt motives may be accepted, provided that all such gifts or entertainment are cleared in advance with or reported to the employee's manager. Deciding whether a gift or entertainment is modest will usually be easy, however if there is any uncertainty act with caution and clarify before accepting. Generally the occasional local sports event, concert, golf outing, or other modest entertainment can be accepted but should be reported to management. Examples of permissible exceptions to the general rule are, but not limited to:
 - i. Meals, refreshments, entertainment during a meeting or occasion, the purpose of which to hold bona fide business discussions or otherwise to conduct or facilitate the conduct of business
 - ii. The acceptance of gifts, gratuities, amenities or favors based on obvious family or personal relationships and it is clear that it is those relationships are the motivating factor
 - iii. The acceptance of advertising or promotional material of modest value, such as pens, pencils, not pads, key chains, calendars and similar items

- iv. The acceptance of modest gifts related to commonly recognized events or occasions, such as a promotion, new job, wedding, retirement, holidays; or the acceptance of awards for recognition of community service or accomplishments

6) **Investments and Finances.**

- a. **Personal Investments.** Prudence should be exercised in making of personal investments; speculative transactions should be avoided. Employees and their families are free to invest in securities at their discretion provided such investments do not involve, or appear to involve, a conflict of interest or the use of confidential information. Additionally, employees and their families should avoid investments in securities of a customer or supplier with whom such employee regularly deals. No Employee or any member of his or her immediate family will, without recorded approval, own an interest in or lend money to any organization that is a customer of the Company.

Exceptions to this rule are the ownership of securities of the United State Government, a state, local municipality, political subdivision or any instrumentality or agency thereof, a public utility, a railroad, a registered investment company, or securities issued by a company or securities issued by a company whose common stock is listed on any stock exchange.

- b. **Investments Relating to Margin Accounts.** The New York Stock Exchange and The American Stock Exchange and other national securities exchanges have rules prohibiting a member firm from establishing securities or commodities margin accounts for an employee of a banking institution without prior authorization of the employer. The Company's employees must obtain written approval from the Manager of Human Resources before establishing a margin account. This requirement does not apply to the cashless exercise of First Bank of Delaware stock options.
- c. **Investments Relating to First Bank of Delaware Stock.** The Company looks with favor upon ownership of its stock by Employees, Employees should not trade (i.e., buy or sell) either stock to take advantage of anticipated short-term price changes and no shares should be purchased or sold on the basis of "inside" information. Investment in First Bank of Delaware stock should not be on a speculative basis. The recommended time to purchase or sell either bank shares is usually the 3-week period beginning 3 days after quarterly and year-end earnings are released to the press unless the Employee has or may be deemed to have knowledge of material inside information during such 3-week period. Purchase or sales of either Bank shares can be made safely subsequent to the expiration of such 3-week period, assuming the absence of material inside information or developments at the time of the securities transaction.

Material information or developments include knowledge of any unusual and material earning figures (good or bad), major acquisitions or divestitures being considered and other significant developments that might affect investor decisions if publicly known. Except to the extent otherwise provided by rule of the SEC, it shall be unlawful for any Director, or Employee to purchase, sell, or otherwise acquire or transfer any equity security of First Bank of Delaware stock during any blackout period. The term "blackout period" means any period commencing one (1) day before the end of each quarter and ending three (3) business days after earnings are released to the public.

- d. **Investments Relating to Certain Personnel.** Any Employee who interacts with a security dealer or brokerage firm in their capacity as an Employee should not deal with those firms in a personal investment capacity where a potential conflict of interest exists.
- e. **Personal Finances.** Each Employee's and Director's personal finances should be conducted in such a manner as to avoid any criticism of, or adverse reflection on, the

individual or the Company. This applies particularly to the payment of debts. Outside borrowings of Employees, Directors, and their immediate families (that should be from reputable organizations that regularly lend money) may not involve a preferential rate of interest or other favored treatment based on the individual's affiliation with the Company. Maintenance of good credit standing and sound finances is important. Any Employee or Director taking advantage of special banking privileges, such as an employee account are required to maintain the account in accordance with all bank policies. Actions of fraud or misuse of this account will be grounds for disciplinary action including immediate termination.

- 7) **Business Conduct.** The activities of the Company must always be in full compliance with all applicable laws and regulations. The Company and its Employees strive to comply with the spirit as well as the letter of pertinent laws, regulations and internal policies.
- 8) **Restraint of Trade.** The Company engages in fair and open competition with its competitors. For ethical as well as legal reasons, Employees are prohibited from entering into arrangements with competitors for the purpose of setting or controlling prices, rates, trade practices or marketing policies. No information of a non-public nature may be disclosed to competitors.
- 9) **Accurate Books and Records.** The integrity of the accounting records of the Company is essential. All receipts and expenditures, including personal expense statements, must be supported by documents that accurately and properly describe such entries. Employees responsible for keeping any books, records or accounts for the Company are required to approve or record all expenditures and other entries based upon proper supporting documents so that the accounting records of the Company are maintained in reasonable detail, reflecting fairly and accurately all transactions concerning the Company, as well as the disposition of assets and liabilities. The falsification of any book, record or account of the Company or the submission of any false personal expense statement or claim for reimbursement of a non-business personal expense is prohibited.
- 10) **Outside Activities.** Employees and Directors of the Company are encouraged to participate in community, charitable, social, philanthropic, educational, religious, or non-profit activities. No outside work should adversely affect the quality of work performed for the Company, compete with the activities of the Company, infer sponsorship or support by the Company, or adversely affect the Company's good name and reputation. Additionally, other outside activities should be pursued with caution and only after approval has been sought and received by an appropriate member of management.
 - a. **Employment.** No Company employee shall be employed either as an employee, agent, proprietor, partner, or an officer of a customer of the company or any of its suppliers, dealers or depositors without first gaining written approval of the senior officer of his division. *No employee may take part time or full time employment from anyone without written approval from his division head by completing a Conflict of Interest Disclosure Form.*
 - b. **Acting as Directors of Companies and/or officials of Organizations.** The Company's employees may not act as directors of companies that are customers or suppliers of First Bank of Delaware or its affiliates without the prior approval of the Chief Executive Officer of the Company. If the affiliate banks to the Company are lending to or buying from the company, the responsibilities of the individual as a representative of the Banks may be in conflict with those the individual has for the company. In addition, directors usually have substantial duties and responsibilities, which often consume a considerable amount of time and effort.

The proper discharge of these duties and responsibilities may often be more detrimental than advantageous to the Company. *No employee shall act as an official of any*

organization without the prior approval of the Chief Executive Officer of First Bank of Delaware except social (such as a golf club or fraternal society), religious, philanthropic, or civic organizations, colleges or schools, clubs within the Company.

- c. **Speeches and Publications.** Only the **CEO/President and/or Chairman of the Board** of the Company (or their appointed designees) are authorized to speak on behalf of the Company. Any other Employee or Director having occasion to give a speech or write an article which could be interpreted as representing an official position of the Company, must seek the review and approval of the CEO/President or Chairman.
 - d. **Political Activities or Contributions.** Legislation generally prohibits the Company or anyone acting on its behalf from making corporate expenditures or contributions for political purposes. This includes, but is not limited to, contributions of cash to a political candidate or committee, as well as contributions of anything of "value" such as property and the use of corporate facilities, equipment and personnel. Individual participation in political and civic activities is encouraged, provided such activity does not utilize corporate time, facilities or equipment, the use of which could be construed as an illegal corporate political contribution.
- 11) **Acceptance of a Legacy or Potential Legacy or an Appointment as Fiduciary or Co-Fiduciary.** It is the Company's general policy that the designation of an Employee of the Company staff as a fiduciary or co-fiduciary in any Will or Trust may not be accepted. Similarly, Employees may not accept bequests under wills from customers of the Company or its affiliates. *The only exception to these rules is if the donor is a relative of the Employee.*
- 12) **Property of First Bank of Delaware.** The equipment, supplies, facilities and other property of the Company should not be appropriated for personal use, nor should they be used for non-corporation related activities, such as charitable, educational or other civic affairs without the prior written approval of the department.
- 13) **Duty to Report.** Employees who are aware of any actual or perceived unethical or illegal conduct by other Company employees, directors, customers, suppliers, or any other Company affiliated party have a duty to immediately report such conduct to either their department manager or the Human Resources Manager. Any manager who receives information pertaining to any actual or perceived unethical or illegal conduct has a duty to immediately take appropriate action to address the situation. If necessary, such action may include notification of the appropriate Chief Risk Management Officer or Human Resources Manager.

Employees will not be penalized in any manner for fulfilling their duty to report such activity. Any employee with knowledge of any actual or perceived unethical or illegal conduct who does not immediately report such conduct will be deemed to have violated this Code and will be subject to disciplinary action. Employees who penalize any other Employee who has attempted to abide by the terms of this Code will be subject to disciplinary actions.

Directors who are aware of any actual or perceived unethical or illegal conduct by other Company directors, employees, customers, suppliers or any other affiliated party, similarly have a duty to immediately report such conduct to the CEO/President (s) of First Bank of Delaware, or the Chairman of the Board. As applicable notification may also be made by following the Sarbane's Oxely Notice in Policy B-11 of this Handbook.

- 14) **Administration and Enforcement of the Code.**
- a. **Administration.** The Risk Management Department is responsible for periodic review of and revision to the Code. As revisions are disseminated, Employees are responsible to keep their copies of the Code current. All Officers and Directors will be required to complete an annual certification attesting to the fact that they have read the Code and that they are unaware of any violations of the Code.

The Internal Auditor will bring to the attention of management any violations of this Code discovered in the course of regular audits. Reports pertaining to non-compliance and any other significant matters relating to the Code shall be made to senior management and the Board of Directors, through the Audit Committee, at least annually.

- b. **Enforcement.** Any violation of this Code, as determined by the facts in each instance, will subject an Employee to disciplinary action up to and including immediate termination. In instances where the violation of this Code also involves violation of the law, the Company may be required, without notice to the offender, to refer the violation to the appropriate law enforcement agency.
- c. **Waivers.** In certain extraordinary circumstances, the Company may grant a waiver of a provision of the Code. If you believe special circumstances warrant a waiver of any of the Code's provisions, contact the Human Resources Manager. ***Only First Bank of Delaware Board of Directors or Audit Committee of the Board of Directors may make any waiver of the Code for executive officers or directors. Any waivers granted will be disclosed promptly as required by applicable laws and regulations.***

Special Addendum to Section 5: Guidelines for Compliance With Federal Bank Bribery Law

The Federal Bank Bribery Law provides that an officer, director, employee, attorney, or agent of a financial institution commits a crime if he or she "corruptly" asks for or receives anything of value from any person with the intention of influence peddling, or resulting conflicts of interest, and other actions that can bias or corrupt the decision-making processes of financial institutions. The United States Department of Justice and the federal bank regulatory agencies have encouraged all financial institutions to adopt guidelines that describe the prohibitions of this law.

Therefore, in accordance with the Federal Bank Bribery Law, it is the policy of the Company to prevent conflicts of interest and acts of corruption of any sort. In furtherance of that policy, no officer, director, employee, agent or attorney of the institution shall seek or accept anything of value concerning any transaction or business of the institution except:

- gifts, gratuities or favors, not exceeding \$100.00 retail in value, that do not create a sense of business obligation to the giver;
- gifts from family or close friends that clearly are not intended to influence a business relationship or transaction;
- business-related meals, refreshments, entertainment or travel if the institution would otherwise reimburse the expense;
- promotional materials such as caps, T-shirts, mugs, pens, etc.; or
- civic, charitable, educational, or religious organizations awards.

If any Employee or Director is offered any other item of value in connection with the business of the institution, he or she should immediately report the offer to his or her supervisor or to the Vice President of Human Resources. Any person who is unsure whether a potential or actual conflict of interest exists or whether a particular activity would violate the bank bribery law or these guidelines should ask his or her supervisor or the Human Resources Manager.