

STANDARDS OF CONDUCT

The Company is committed to conducting its business affairs with honesty and integrity. This commitment applies to relationships with competitors, customers, vendors, employees, and the public.

Under the standards, an employee should not knowingly conduct any business that is not in the full spirit of honest and ethical behavior, nor should any employee cause another employee or non-employee to act otherwise, either through inducement, suggestion, or coercion. Further, an employee should not knowingly furnish customer, employee or competitor information to any individual, business, or other entity without the prior express approval of senior management, unless it is done in the normal course of business.

You are expected to report dishonest activities of other employees to our General Counsel, Security Officer, or Human Resources Manager. Failure to submit such information is considered a violation of this policy, as is the submission of information that is known to be false.

It is also a violation of this policy to initiate or encourage reprisal action against any employee or other person who in good faith reports known or suspected policy violations.

You are expected to conduct yourself with a positive attitude and in a professional and business-like manner at all times. Examples of appropriate conduct include:

- reporting to work punctually, as scheduled, and being at the work station, ready for work, at the assigned starting time
- notifying your supervisor should the need to be absent from work or unable to report for work on time arises
- complying with all policies and procedures including all safety/security regulations
- performing assigned tasks efficiently and correctly
- treating fellow employees, customers, and visitors in a professional, courteous, and respectful manner at all times
- maintaining a clean and orderly workplace and a clean and orderly work area
- refraining from behavior or conduct deemed offensive or undesirable or which is subject to corrective action
- obtaining specific approval from supervisor before removing any property from the Company

The following definitions and classifications of violations for which corrective counseling, performance improvement, or other corrective action may be taken, are merely illustrative. This should not be considered an exhaustive or all-inclusive list. The nature and severity of the offense will be considered in determining corrective action to be taken.

Examples of performance related issues include, but are not limited to:

- Excessive absenteeism, tardiness or failure to come to work without sufficient explanation
- Unsatisfactory job performance
- Interfering with another employee's job performance
- Failure to observe work hours, such as scheduled starting and quitting times, break and meal periods, etc.

- Performing unauthorized personal work on Company time
- Excessive, wasteful, abusive, unnecessary, or unauthorized use of Company supplies
- Disregard for, or failure to adhere to, safety and security regulations and policies
- Failure to immediately report an accident or job related injury

Examples of behavioral/misconduct related issues include, but are not limited to:

- Any deliberate or willful infraction of Company rules and policies
- Substance abuse, including, but not limited to:
 - Reporting to work intoxicated or under the influence of alcohol, narcotics, or non-prescribed drugs
 - Bringing or using alcoholic beverages on Company property, while performing Company related job duties, or while operating any Company owned and/or leased equipment or vehicles
 - Using, possessing, dispensing, distributing or manufacturing any illegal drug or inhalant while on Company property, while performing Company related job duties, or while operating any Company owned and/or leased equipment or vehicle
 - Improperly using prescription medication or other legal drugs
- Falsifying employment or any other Company records, or filing a fraudulent injury on the job claim.
- Disclosure of confidential Company information or trade secrets to unauthorized persons
- Violating the Company's nondiscrimination and/or harassment policy
- Soliciting or accepting gratuities, donations or loans from employees or customers without approval of the General Counsel
- Fighting or using obscene, abusive, or threatening language or gestures on Company property
- Stealing, destroying, abusing, or damaging Company property, tools, or equipment or the property of another employee, customer, or visitor
- Gambling on Company property
- Unauthorized possession of firearms or weapons on Company premises or while on Company business
- Insubordination (the refusal by an employee to follow management's instructions concerning any job related issue)
- Deliberately concealing another employee's misconduct
- Posting or removing notices or signs or writing in any form on any bulletin board on Company property without proper permission
- Theft or embezzlement of any money or property entrusted to the custody or care of the Company

The foregoing examples are illustrative of the type of behavior that will not be permitted, but are not intended to be all-inclusive.

■ **CONFLICT OF INTEREST**

Employees are prohibited from engaging in any activity, practice, or act which conflicts with, or appears to conflict with, the interests of the Company, its customers or vendors. A conflict of interest exists when an employee, knowingly or unknowingly, engages in any activity which may compromise the employee, another employee, or the Company in its relationship with a client, vendor, or competitor.

Potential Conflict of Interest - Potential conflicts of interest with a client, vendor, or competitor may include soliciting business for personal gain, accepting gifts other than those of nominal value, or requesting favors, discounts or services. Exceptions to the general prohibition against acceptance of things of value in connection with Company business may include:

- Payment of bona fide salary, wages, fees or other compensation paid, or expenses paid or reimbursed in the usual course of business
- Acceptance of gifts, gratuities, amenities or favors based on obvious family or personal relationships when the circumstances make it clear that those relationships, rather than the business of the Company, are the motivating factors
- Acceptance of meals, refreshments or entertainment of reasonable value in the course of a meeting or other occasion, the purpose of which is to hold bona fide business discussions
- Acceptance of loans from other banks or financial institutions on customary terms to finance proper and usual activities of Company officials, such as home mortgage loans, except where prohibited by law
- Acceptance of advertising or promotions material of nominal value
- Acceptance of discounts or rebates on merchandise or services that do not exceed those available to other customers
- Officers and employees of the Company may accept, but not solicit, gifts which are of nominal value and entertainment which is not lavish if it occurs infrequently and arises out of the ordinary course of business. While no precise definition of “nominal value” or “lavish entertainment” is possible, gifts, entertainment or other favors do not meet acceptable standards if they would suggest to a disinterested third party that the director, officer or employee might be influenced in the conduct of the Company’s business with the donor when measured in terms of (i) the standards of living of the recipient and the donor and (ii) the ability of the recipient to reciprocate either on a personal basis or with a legitimate claim for reimbursement from the Company. **Any gift valued at \$500 or more must be reported to the Company’s General Counsel. Acceptance of cash of any amount is strictly prohibited.**
- Acceptance of civil, charitable, educational or religious organizational awards for recognition of service and accomplishment

If a Company employee, whether officer or non-officer, is offered, receives or anticipates receiving something of value from a customer beyond what is expressly authorized in this policy, the employee must disclose the matter to the General Counsel. Written records will be maintained of all such matters and reviewed by the Board of Directors.

Solicitation of Business - No employee or representative of the Company is to make assurances of any gratuity to a representative of any organization in an effort to induce that organization’s business relationship with the Company. Exceptions to this policy are limited to normal business entertainment, such as meals or tickets to sporting events.

Loan Activity - Officers are not to make loans, either directly or indirectly, to members of their own families or to firms that lend to them or their families.

Outside Business Interests - Any significant financial and/or management interest held by an officer or non-officer of the Company should be fully reported to the CEO. Any employee who holds an interest in an organization conducting business with the Company must not exercise any influence or authority over any transaction between that organization and the Company.

Director, Officer, and Partner Positions - Prior approval should be received from the General Counsel of the Company before an employee accepts a position as a director of a corporation or member of a partnership. This does not apply to social, civic, religious or philanthropic organizations.

Insurance and Real Estate Activities and Tax Matters - Employees of the Company are not authorized by the Company to act as an insurance broker or agent except as required in the performance of his/her official duties, nor engage in real estate transactions as a broker or agent, or prepare income tax returns for anyone except for immediate family.

Purchase of Company Property - In order to avoid any question of propriety on sale of Company property, the sale of such property to any employee or members of their immediate families is subject to the approval of the General Counsel or Security Officer. This policy includes sales by sealed bids, auctions, or other forms of sale.

Exceptions - If any employee, whether officer or non-officer, believes that unusual circumstances justify his/her engaging in an activity which would normally result in a conflict of interest, he/she may request in writing that the General Counsel review the situation and grant an exception. Such requests may be reviewed and approved or denied by the Board of Directors.

Full Compliance - All activities of the Company must be conducted in full compliance with all applicable laws and regulations. General Counsel or the Compliance Officer should be kept informed regarding all matters pertinent to the Company's position regarding such laws and regulations. All employees are expected to cooperate fully with the Company's internal and outside auditors, attorneys and Company examiners.

Full Disclosure - Full disclosure to the General Counsel of any potential conflict of interest before it occurs is required. Failure to disclose a potential conflict of interest or engaging in a practice determined to be a conflict of interest may result in disciplinary action, up to and including termination.

■ OUTSIDE EMPLOYMENT

You must not have outside employment that might interfere with your best performance at the Company, and any such employment should never result in a conflict of interest. Outside employment must not interfere with work assignments and performance or adversely reflect upon the Company. You should inform your manager of any outside employment.

Outside employment will not be considered an excuse for poor job performance, absenteeism, tardiness, leaving early, refusal to travel, or refusal to work overtime or different hours.

You are prohibited from engaging in any activity that competes with any activity of the Company or compromises its interests. This prohibition includes performing any services that create a conflict of interest, the unauthorized use of any Company equipment, and the unauthorized use or application of any confidential trade information or techniques. In addition, you are not to conduct any outside business during paid working time.

ACKNOWLEDGEMENT OF UNDERSTANDING

The undersigned hereby confirms that I have received, read, and understand the Company's Standards of Conduct and Conflict of Interest Policies, and that I hereby agree to comply with the policies and the procedures set forth therein.

Date Signed

Name (Printed)

Signature

PLEASE DATE, SIGN, AND RETURN TO:

Human Resources
Southwest Bank
4100 International Plaza, Suite 900
Fort Worth, Texas 76109
Telephone: (817) 298-5647