



and

STAR VALLEY BANCSHARES, INC.

CODE OF ETHICS

The Bank of Star Valley and its holding company, Star Valley Bancshares, Inc. strives to be honest in all dealings. When violations of this policy occur, management and the Board of Directors will take responsibility and will address the issue in a prompt manner.

INTRODUCTION:

Since its incorporation in 1996, the employees and directors of The Bank of Star Valley and Star Valley Bancshares, Inc (together hereafter referred to as bank) have had a consistent history of fair, honest, and ethical conduct for all activities conducted on the behalf of the bank. This Code of Ethics (Code) is intended to be a constant reminder of that tradition and a statement of how all employees and directors will conduct themselves on a daily basis. It identifies the bank's values and the procedures that will be followed to ensure that these values are upheld.

All employees and directors are expected to know and understand the standards and expectations that are expressed. This Code is not exhaustive. It provides guidance to employees and directors in how they are expected to carry out their duties. Because the Code cannot address every possible situation, employees and directors are expected to use good judgment and to raise questions when in doubt. Employees should seek guidance from their supervisor or CEO if they feel that any situation is not fully and clearly covered by the Code. Directors are expected to consult with the Chairman of the Board or the Audit Committee of the Board if in doubt about the standards that apply in any situation.

The board of directors and management believe that ethical standards are achieved not just through the publication and dissemination of this document, but through open and on-going discussion about ethical issues related to the business and activities of the bank. Further, this open-door climate is only achieved when employees and directors understand that they can openly raise questions and concerns without fear of retaliation.

STANDARDS OF CONDUCT:

Employees and directors are expected to uphold the values of the bank and are required to report any situation where the individual reasonably suspects any activity that may be in violation of the law, regulations, bank policies, or this Code.

- A: Employees and directors are expected to deal honestly and fairly with customers, fellow employees, regulators, third-party vendors, and others having dealings with the bank.
- B: Employees and directors are prohibited from offering bribes, kickbacks or other forms of improper payment, direct or indirect, to any representative of government, customer, or vendors in order to obtain a contract or other commercial benefit or government action.
- C: Employees and directors are prohibited from accepting bribes, kickbacks or improper payment from anyone. They are prohibited from receiving gifts or favors valued higher than Two Hundred Fifty Dollars (\$250.00) value from current or potential customers or vendors.
- D: Employees and directors are expected to limit their reimbursable expenses to those that are prudent and business-related.
- E: Employees and directors are prohibited from taking unfair advantage of customers or other parties through manipulation, concealment, abuse of privileged information, or any other unfair-dealing practice.
- F: Employees and directors will not allow or in any way participate in the unauthorized use or release of confidential bank or customer information during or after employment.
- G: Employees will not knowingly launder money, or attempt to assist someone in laundering money.
- H: Employees will not structure a transaction, or assist someone else to structure a transaction, to avoid the currency reporting requirements of the Bank Secrecy Act (BSA).
- I: Employees will not embezzle, steal, or misappropriate any monies, funds, or credits of the bank.
- J: Employees and directors will not use the bank's name, logo, or corporate letterhead for any purpose other than the normal course of official bank business, unless expressly approved by either the CEO or Chairman of the Board.
- L: Employees and directors will refer all questions or requests for information concerning the bank from reporters or other media representatives to the CEO, CFO, and/ or Chairman of the Board.

M: Employees or directors will avoid any personal circumstances that may lead to overextension of credit or salary attachments or drawing checks against insufficient funds or other financially embarrassing situations.

CONFLICTS OF INTEREST:

A conflict of interest exists when any employee or director is called upon to make, or is involved in, any decision where the employee or directors (or any friend or relative of the employee or director) has any interest that would be affected by that decision.

A: Employees and directors must not seek any personal benefit through any arrangement with vendors, suppliers, or other parties that have a relationship with the bank.

B: Annually, or in a situation where it may reasonably be perceived that there is a conflict of interest, the directors and senior management shall report potential conflicts of interest to the Chairman of the Board.

C: In a situation where it may reasonably be perceived that there is a conflict of interest, all employees shall report that potential conflict of interest to the CEO.

D: Employees or directors may not have a financial interest, such as significant stock ownership, in any entity with which that employee or director does bank business that might create or have the appearance of a conflict of interest.

E: All employees and directors shall keep a log of any single gift received with a value of over Two Hundred and Fifty Dollars (\$250.00) from individuals or entities outside of the bank. Said log shall be submitted to the CFO at each year-end.

F: Employees or directors will not participate in activities that interfere or conflict with the interest of the bank.

CONFIDENTIALITY OF INFORMATION:

Directors and employees are frequently entrusted with confidential information. This may include personal customer information including birth date, tax ID numbers, income and financial statements, information about current or future projects, business plans, and other information that, if disclosed, might be of use to competitors or potentially harmful to the customer. This information is the property of the Bank and held only for the benefit of the customer.

Employees and directors shall:

A: Not discuss confidential information with or in the presence of unauthorized persons except when necessary to conduct the bank's business or protect bank interests. Unauthorized persons are individuals who are not directly involved in the decision process or execution of a respective transaction, including fellow directors or employees, family members and friends.

- B: Use confidential information only for the bank's legitimate business purposes and not for personal gain.
- C: Not disclose confidential information to third parties unless such disclosure is necessary for business purposes or is otherwise required and appropriate safeguards are put in place.
- D: Not use company information or other property or resources for any personal gain or for the gain of anyone else.

SHAREHOLDER COMMUNICATIONS:

The shareholders own the bank through their stock interest in Star Valley Bancshares, Inc. In communicating with shareholders, the bank is committed that it shall:

- 1: Provide all information to which shareholders have a legal right.
- 2: Provide information that is accurate and understandable.
- 3: Not knowingly make false or misleading statements.

FINANCIAL REPORTING AND RECORDKEEPING:

The bank shall:

- 1: Follow generally accepted accounting principles for the banking industry and follows the FFIEC Call Report Instructions.
- 2: Maintain a system of internal accounting controls that will provide reasonable assurances that all transactions are properly recorded and that material information is available to management and board.
- 3: Maintain books and records that accurately and fairly reflect the bank's financial health.
- 4: Maintain a system that ensures company records and documents are properly retained and secured.
- 5: Conduct at least an annual director's financial audit to provide an objective review of financial reports and to identify any risks associated with the system of internal controls.
- 6: Prepare information in a clear and orderly manner.

LEGAL AND REGULATORY COMPLIANCE:

The Bank of Star Valley will comply with all local, state, and federal laws, rules and regulations applicable to the activities of the bank. It will maintain a safe and healthy work environment free from harassment, retaliation, or discrimination.

REPORTING OF VIOLATIONS:

Every employee and director is responsible for ensuring that violations of laws, rules, regulations or this Code are reported and addressed promptly. Reports of suspected violations may be made in person or in writing, with appropriate confidentiality to the CEO, Board Chairman or Corporate Attorney. All such reports will be promptly investigated and appropriate corrective action will be taken. Results of investigations shall be disclosed to a person or persons investigated in a timely and reasonable manner. Any employee or director who makes a report in good faith and on reasonable belief may do so without fear of harassment, retaliation or retribution.

EMPLOYEE AND DIRECTOR EDUCATION:

All employees and directors will receive a copy of the Code of Ethics and will receive training and periodic communications to ensure familiarity with its content and requirements.

SUSPICIOUS ACTIVITY BY ANY DIRECTOR, OFFICER OR EMPLOYEE:

A Suspicious Activity Report (SAR) must be filed on a timely basis, as required under the Suspicious Activity Policy, for any reportable suspicious activity of any director, officer, or employee. Additionally, activity of any criminal activity of any director, officer, or employee must promptly be reported to by the appropriate legal authorities, as required by law.

MONITORING AND ENFORCEMENT:

Every employee and director is responsible for monitoring compliance with the Code of Ethics by reporting suspected violations in a timely manner, as discussed above, and cooperating with investigations of suspected violations. Directors, officers, and employees that violate any laws, rules, regulations or the Code may face appropriate, case specific disciplinary action, which may include demotion, discharge or sanction.