

WESTFIELD BANK
CODE OF CONDUCT

I. INTRODUCTION

Since banking entails the safekeeping of customer's money, there is no profession where honesty, integrity, and high standards of conduct are more important. Bankers have traditionally recognized that their first duty is to conduct themselves in a manner deserving of public trust and confidence. By and large we can be proud of the record of conduct passed on by previous generations of bankers, and we should each take a personal vow to conduct our activities so that we do not betray this trust.

II. STATEMENT OF BANK POLICY

It is forbidden for any employee, officer, director, agent or attorney of this bank to (1) solicit for themselves or a third party anything of value from anyone in return for any business, service or confidential information of this bank; or (2) to accept anything of value from anyone in connection with the business of the bank, either before or after a transaction is discussed or consummated. Further, if any individual is offered something of value from a customer beyond what is expressly authorized in this policy statement, the individual must disclose the facts of the offer to the President of the bank immediately.

Beginning in the next paragraph is a code of conduct for the employees of this bank. If there is anything in this code that will cause you difficulty, you should discuss the problem with the President. Until a written waiver has been granted by the President, we expect each of our officers and employees to comply with this code of conduct.

III. CONFIDENTIAL INFORMATION

In the course of performing bank duties, bank employees acquire confidential information considered to be extremely sensitive by customers. This information shall not be revealed to unauthorized persons nor shall customer's finances be discussed with others within the bank unless their duties require the information. Information about customers can be released only when authorized by the customer or subpoenaed by a court or by the IRS, and then the information released must be accurate and within the confines of the release-authorizing document.

When a customer gives the bank as a credit reference, this is authority to release credit information. Banks also share credit information with each other. This sharing is only done to support credit decisions, and the sharing is based on assurances that source confidentiality will be protected and that the information is accurate and not misleading. The inherent conflict between the customer's right to confidence and privacy and the need for creditors to share credit experience should be recognized. This conflict cannot be entirely resolved, but its consequences can be mitigated by exercising extreme care when exchanging credit information.

IV. CONFLICTS OF INTEREST

Confidential information about bank customers that reflects favorably or adversely on the investment value of any business enterprise is "insider" information. It should not be used for personal investment advantage or provided to others for their investment advantage.

A bank employee should not represent the bank in any transaction where he or she has a material connection or a financial interest. (Examples of material connections would include relatives or close personal friends, whether the transaction involves them as individuals or as principals in a firm doing business with the bank. An example of a financial interest would be an officer's involvement as a proprietor, partner, or joint venture in a firm doing business with the bank.)

Bank employees should avoid taking part in transactions involving any of the above circumstances. By "transactions," we are talking not only of making loans, but also about approval of overdrafts, accepting checks on uncollected funds, waiving of NSF, overdraft or late charges, and waiving the requirement for financial statements or collateral documents. When there is a potential conflict of interest, ask the President to handle the transaction.

A bank employee should not accept a directorship of another corporation without approval of bank management. Charitable and nonprofit organizations are exceptions to this general requirement.

V. RULES ON GIFTS, FEES, LOANS AND INVESTMENTS

1. A bank employee should not accept a loan from a bank customer or supplier. This prohibition does not apply to loans from banks or other financial institutions on customary terms to finance proper credit needs.
2. A bank employee should not receive anything of value for making a loan.
3. A bank employee should not accept a fee for performing any act that the bank could have performed.

4. Officers, employees and agents are permitted to receive gifts or entertainment listed below when, and only when, it can be shown that what is received will foster better business relations or is for the benefit of this bank and not for him or herself. These types of gifts or entertainment have been found to benefit Westfield Bank.
 - a. Meals, including luncheons and dinners
 - b. Golf outings
 - c. Sports events
 - d. Other entertainment which in the opinion of Officer, Director, Employee or Agent, benefits Westfield Bank.
 - e. Gifts within the acceptable limit which may be received by Officers, Directors, Employees and Agents for the benefit of Westfield Bank. However, the value of such acceptable gifts are limited to \$150.00 or less. If the value of a specific gift exceeds \$150.00, the recipient must report it to the banks' Treasurer immediately.

In addition, it will be required of all Officers, Directors, Employees and Agents of the bank to record and report periodically the receipt of such items listed above which do not comply with this section or which violates the limits set forth herein.

The following reporting procedure must be adhered to:

Beginning September 1, 1985, and for every two months thereafter on the first day of the month, all Officers, Directors, Employees and Agents of Westfield Bank must report to the Treasurer any and all gifts or other benefit received, if any, which do not comply with this section or which violates the limits set forth herein.

5. A bank employee should not sell anything to a customer at a value in excess of its worth nor should he or she purchase anything from a customer at a price below its worth. (acceptance of discounts or rebates on merchandise is permitted if they are also available to other routine customers of the firm.)
6. A bank employee should not indirectly perform any act that these rules prohibit directly. For example, it is just as wrong to arrange for a member of the family to receive a gift as it is for the employee to accept the gift directly.
7. It is prudent to refrain from investing in a bank customer's business, and it is improper for a bank employee to subscribe to new issues of stock in a bank customer's business.
8. Speculative investing such as playing the commodities market, margin buying, short accounts, puts, calls, or combinations are not prudent for bank employees.

V1. OUTSIDE ACTIVITIES/OUTSIDE EMPLOYMENT

Although we do not prohibit outside employment, it must not affect your work here at the Bank. Any outside employment which would reflect unfavorably on the Bank is not permissible. Also, any outside work which would compete or invoke a conflict of interest with any service or business in which the Bank is engaged is expressly prohibited. Examples are: selling, brokering, or managing of real estate.

V11. DIRECTORS CODE OF CONDUCT

The Directors of this bank were elected to serve the needs of the community, the bank's customers, and the bank's employees not to serve the financial needs of Directors. Legal, regulatory, and ethical considerations make it mandatory that Directors avoid most of the conflicts of interest situations outlined above for employees. In addition, Directors must:

1. Avoid involvement of any kind in the credit approval process when the credit being considered will directly or indirectly benefit the Directors. (This policy includes loans, overdrafts, immediate credit on funds, and any other form of credit.)
2. Disclose to the President and to the Board any actual or potential conflicts of interest as soon as the situation arises. (This includes disclosure of any material interest in the business of a borrower, an applicant, or other bank customer.) It also includes any gift or monetary offers made for the purpose of influencing a bank decision.
3. Use only arm's length transactions when buying, selling, or leasing assets or services to the bank. (It is bank policy to contract for assets and services using only arm's length transactions that are in the best interest of the bank.) Directors are asked to honor this policy and to refrain from asking for special considerations as the bank contracts for assets or services.

V111. COMPLIANCE CERTIFICATION

The bank asks that all Officers, Directors and selected Supervisors sign a certificate attesting to compliance with this policy statement which is enclosed.

IX. RECORDKEEPING

All attempted bribes will be reported to the President immediately. The President will then take appropriate action and will keep contemporaneous written records of each case. Written records will also be kept in the President's office of all waivers granted to this policy statement, and the personnel office will keep all compliance certificates on file for three years.