

West Shore Bank

WHISTLEBLOWER'S POLICY

Statement of Need

The Sarbanes-Oxley Act of 2002 (Act) seeks to enhance internal governance and ensure the accuracy of financial reporting. The Act creates new measures that deal with financial reporting, conflicts of interest, internal ethics, and oversight of accounting firms that perform public company audits. West Shore Bank's Audit Committee (Committee) is adopting this statement of intent, and is creating the following procedures in order to establish a conduit for employees to communicate concerns about potential wrong-doing or other improper activities directly to the Committee through its designee.

The following sections of the Act pertain to this statement of intent:

- Section 301 of the Act (amending section 10A of the Securities Exchange Act of 1934 (15 USC 78.f.)) requires the Audit Committee to establish procedures to handle whistleblower information regarding questionable accounting or auditing matters.
- Section 806 of the Act (amending 18 USC 1514.A.) makes it illegal to retaliate against an internal whistleblower in the terms and conditions of employment.
- Section 1107 of the Act (amending 18 USC 1513.) imposes criminal penalties of up to 10 years in prison and a fine on any person who takes harmful action against anyone who gives information to a law enforcement officer relating to violations, or possible violations of federal law.

The Audit Committee of the Board of Directors seeks to comply with the requirements of the Sarbanes-Oxley Act by the adoption of this document and the procedures it establishes.

Statement of Intent

All West Shore Bank (Bank) employees are encouraged to report any improper activities to the Audit Committee of the Board of Directors (Committee). Improper activities are defined as any activity by an organization employee that may jeopardize the accuracy of financial reporting, represents a conflict of interest, violates internal ethics policies, or violates any provision of federal securities law and/or laws relating to fraud against shareholders.

The Committee hereby designates the Internal Audit Liaisons (Liaisons) as the individuals within the organization that are empowered to receive and follow-up on any reported improper activities on its behalf. The Liaisons are the

President/CEO and the Human Resources Officer. In the event that one of the Liaisons is implicated in the improper activities, the Executive Vice President/CFO will be the designated Liaison. The procedures established herein define the reporting conduits and the subsequent activities that will be undertaken in response to reports received.

PROCEDURES

Reporting Improper Activities

Any improper activity or other suspected wrong-doing should be reported to one of the Liaisons in person, via telephone, e-mail, or written communication. In addition, the Bank has selected EthicsPoint to provide the Bank with an anonymous and confidential method to hear your suggestions and concerns, or to report misconduct. The information you provide will be sent to us by EthicsPoint on a totally confidential and anonymous basis. The EthicsPoint Hotline can be contacted at toll-free 877-243-3148, or a report can be made on the EthicsPoint secure server at <http://westshorebank.ethicspoint.com>. EthicsPoint is not part of the West Shore Bank web site. All reports will be given careful attention by the Committee and the Liaisons.

1. Any report received will be held in **strictest confidence**. During any subsequent investigation, information will only be shared with any member of management that has a legitimate need-to-know and who may be involved with the investigation, with appropriate members of law enforcement, or with other individuals or agencies pursuant to a subpoena or other legal process of discovery.

Reports may also be submitted anonymously. Any report received in this manner will receive the same level of attention as that afforded to any other report where the sender is identified.

At a minimum, the following information should be provided in any report:

- Description of the nature of the improper activity.
 - Name(s) of the employee(s) and department(s) engaging in the activity.
 - Approximate or actual date the activity took place.
2. Within 30 days of receipt of any reported information, the Liaisons will complete the following:
 - Conduct a preliminary investigation to establish the validity of the reported activities;
 - Document and maintain secured records of all reported activities and any documentation relating to the investigation of those activities; and

- Maintain any and all information it may receive or become party to in **strict confidence**.
3. Upon completion of the preliminary investigation, the Liaisons will forward the issue to the Committee for their review. The Liaisons will supply the Committee with the following:
- A copy of the original information provided by the whistleblower.
 - A report on the findings of the preliminary investigation, including the Liaisons' opinion of the reported activity.

Nothing in this document will preclude the Liaisons from notifying the Committee immediately of reported wrong-doing. The timing of the report will be dictated by the perceived materiality or seriousness of the reported activity.

4. The Committee will review the Liaisons' findings on the reported activity as it is received, and will determine what, if any, further action is required. Action may include, but not be limited to the following:
- Requesting additional investigative work by the Liaison, Internal Audit, Loan Review, or Security;
 - Questioning senior management;
 - Contacting legal counsel; and
 - Reporting to law enforcement agencies.

Protection From Retaliation

No employee will be retaliated against for submitting reports, in good faith, that allege improper activity or wrong-doing on the part of any other employee of the organization. No officer, employee, or other agent of the Bank may discharge, demote, suspend, threaten, harass, or in any other manner discriminate against an employee on any basis whatsoever in response to the employee's having taken steps to report suspected or actual wrong-doing in compliance with this document or the procedures spelled out herein.

If an employee believes he or she has been retaliated against, he or she should contact the Human Resource Officer. The Human Resource Officer, in conjunction with Bank Counsel, will investigate the alleged retaliation. If the investigation confirms that the employee was retaliated against because of his or her report(s), the Bank will take appropriate corrective actions.

Employees are also given federal protections under the Sarbanes-Oxley Act:

- The Act specifies that claims must be filed with the U.S. Department of Labor (DOL) within 90 days of the alleged retaliatory event.
- The DOL will investigate.
- Interim reinstatement is available when the DOL finds that an employee has been subject to retaliation.

- Either party may appeal the final results of a DOL investigation through the proper channels.
- Employees may bring private action by filing for review in federal district court if an investigation is not completed in 180 days.

Employees can win reinstatement, back pay with interest, and special damages sustained as a result of the discrimination, including litigation costs, expert witness fees, and reasonable attorney fees.

Under the Act, retaliation against those who give information in a federal investigation can result in fines and imprisonment for up to 10 years or both.