

# CCSB

## Financial Corp.



Internal Code of Ethics for  
Directors, Officers, and Employees of  
CCSB Financial Corp.  
and  
Affiliates, including Clay County Savings Bank

Approved by the Board of Directors:

Clay County Savings Bank- February 18, 2004  
CCSB Financial Corp. - April 28, 2004

Revised by the Board of Directors:

Clay County Savings Bank- July 27, 2016  
CCSB Financial Corp. - July 27, 2016

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## **POLICY STATEMENT**

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CCSB Financial Corp. (Company) and its affiliates (Companies), including Clay County Savings Bank (Bank), will conduct business in accordance with the highest ethical standards in order to merit and maintain the complete confidence and trust of their shareholders, customers, and the public in general. Each director, officer, and employee of the Companies must conduct their personal affairs and manage their business transactions in a manner which does not result in adverse comments or criticism from the public or in any way damage the Companies' reputation as responsible business entities.

The Boards of Directors of the Companies have adopted the provisions set forth in this policy to assist employees in understanding the principles of conduct to which they must adhere in order to fulfill the legal, moral, and ethical obligations each assumes as an employee. It defines the high standards of conduct of ethical business practices and stands as a corporate-wide statement of the commitment to these standards by both the Company and the Companies, including the Bank.

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## **CODE OF ETHICS / PROCEDURES FOR ETHICAL CONDUCT**

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### **I. DEFINITIONS**

1. Company – CCSB Financial Corp.
2. Companies – All Affiliates of the Company.
3. Bank – Clay County Savings Bank, an Affiliate owned by the Company.
4. Employee - Except where otherwise specifically indicated, includes all directors, officers, and employees of the Company and the Companies.
5. Affiliate – A company that CCSB Financial Corp. (Company) owns or controls, or that owns or controls the Company, or that is owned or controlled by the same company that owns or controls the Company. Ownership does not mean complete ownership, but means owning a controlling interest.

### **II. COMPLIANCE WITH APPLICABLE GOVERNMENTAL LAWS AND REGULATIONS**

Employees will fully comply with the spirit and intent of all applicable laws, regulations, and corporate governance standards.

### **III. HONEST AND ETHICAL CONDUCT**

All employees of the Company and the Companies will act professionally in an ethical manner and conduct their business with integrity. Employees are expected to use good judgment and high ethical standards in their employment and involvement with the Company and the Companies. They are to refrain from any form of illegal, dishonest, or unethical activities that would compromise their professional ethics or otherwise prejudice their ability to carry out their professional duties and impair the independence of any judgment they may need to make on behalf of the Company or the Companies.

### **IV. CONFLICTS OF INTEREST**

When an employee has an actual or apparent conflict of interest between his or her personal and/or professional interests and those of the Company or the Companies or both, such conflicts must be handled with honesty and openness. A possible conflict of interest exists whenever an employee has an interest in any entity or matter that may influence a decision or cloud the individual's judgment in the discharge of his or her responsibilities to the Company or the Companies or both. Employees are required to disclose all potential conflicts of interest to the Board of the Company employing their services as soon as it becomes known. These include all

potential conflicts of interest which have been inadvertently placed on them due to either business or personal relationships with customers, suppliers, business associates, or competitors of the Bank or the Companies. An "Identification of Related Interest" form must be completed annually by all directors and executive officers of the Bank and the Company and such forms will be reviewed by the Board of the Company. Any conflicts of interest will be properly handled by the Board of Directors and resolved promptly to ensure that all business transactions are conducted appropriately.

It is the duty of every employee to avoid any situation in which he or she, or a family member, might profit personally (directly or indirectly), or give the appearance of profiting personally, from Bank facilities or from relationships with its customers in ways contrary to the interests of the Bank or Company.

## **V. HANDLING PERSONAL TRANSACTIONS**

Transactions, including maintenance updates, involving an employee's own accounts or the accounts of family members or any other relative should be referred to another employee or the manager to process. An employee may not make decisions, approve transactions, or direct others to approve transactions on such accounts in any manner that would inappropriately influence the results of those transactions. As used here in the Code of Ethics, family member means a spouse, child, parent, grandparent, sibling, parent-in-law, other family members, or any other individual with whom an employee has an especially close relationship.

## **VI. ACCEPTANCE OF GIFTS**

It is the policy of the Company and the Bank that all employees are prohibited from accepting cash, gifts, or any items of value, including loans, that influence, or may appear to influence, business decisions or transactions made on the Company's or Bank's behalf. However, the Boards of Directors of the Company and the Bank have determined that the following are considered exceptions to this general prohibition:

1. The acceptance of meals, refreshments, or entertainment of reasonable value in the course of a meeting or other occasions with the purpose of holding bona fide business discussions;
2. The acceptance of loans from other financial institutions on customary terms to finance proper and usual activities of the employees of the Company and/or the Bank, such as home mortgage loans, except where prohibited by law; except that, in the case of Officers and Directors, information about such loans, including amounts, dates and terms, must be divulged to the Board of Directors of the Company;
3. The acceptance of advertising or promotional items of nominal value, (such as pens, pencils, note pads, key chains and similar items);
4. The acceptance of discounts or rebates on merchandise or services that do not exceed those available to other customers;
5. The acceptance of gifts of modest value that are related to recognized events or occasions, such as a promotion, retirement, wedding, and anniversary; and
6. The acceptance of civic, charitable, educational, or religious organization awards for recognition of service and accomplishment.

The Boards of the Company and/or the Bank may approve, on a case by case basis, at a regularly scheduled Board meeting, other circumstances not identified in these exceptions in which an employee may accept something of value in connection with the business of the Bank and/or the Company. Similarly, the Board can be asked to make a determination on whether a gift may appear to have influence over Bank decisions. Any such approval or determination must be made in writing, with a complete disclosure of all relevant facts, and be included in the appropriate Board's meeting minutes.

## **VII. DISCLOSURE OF INFORMATION**

### **1. Employees Authorized to Disclose Information**

Only the President of the Bank has been designated by the Boards of the Company and the Bank to interact in an official capacity with members of the public, brokers, news outlets and market analysts. The President shall not to make predictions regarding the future performance of the Company or divulge any material, nonpublic information about the Bank or the Company to any third party. In addition, the President shall follow the spirit and letter of the Bank policies and procedures that are in place and designed to prevent the disclosure of customer information.

### **2. Periodic Reports**

Employees are to provide the Company and the Bank with all information necessary for the fair, accurate, timely, and understandable disclosure to shareholders. Financial communication and reports will be delivered in a manner that facilitates the highest degree of clarity of content and meaning so that that readers and users will be able to quickly and accurately determine their significance and consequence. The Boards of the Company and the Bank realize that only through such full, fair, and timely disclosure can shareholders truly analyze the credibility and performance of the Company and/or the Bank.

### **3. When Prohibited**

Serious problems could be caused for the Company and the Bank by the unauthorized disclosure of nonpublic internal information about either the Company or Bank. Employees should not discuss internal matters or developments with anyone outside the Company or Bank, except as required in the performance of regular corporate duties. Employees of the Company or Bank with knowledge of material nonpublic information should only disclose such information to other such Company or Bank personnel on a need-to-know basis. Employees of the Company and/or Bank may assume that its legal counsel, accountants, consultants and other advisers will not disclose to third parties or trade on inside information given to them in confidence. However, with regard to negotiating with third parties at arms-length for various transactions, including the sale of assets such as loans, material confidential information should not be disclosed unless the third party enters into a confidentiality agreement with the Company and the Bank which expressly prohibits trading in the Company's Common Stock until any disclosed material information has been released to the general public for two complete business days.

## **VIII. INSIDER TRADING**

### **1. In General**

The employees of the Company and the Bank are hereby prohibited from directly or indirectly trading the Company's Common Stock while in possession of "material information" about the Company or Bank that has not been publicly disclosed for at least two full business days.

It is difficult to describe exhaustively what constitutes "material" information. However, any information, positive or negative, that may be significant to an investor in determining whether to buy, sell or hold the Company's Common Stock would be material. Information can be "material" even if it alone would not determine an investor's decision. Examples of material information include a potential business acquisition, internal financial information that departs in any way from recent data or trends, or an important financing transaction.

The prohibition on direct or indirect trading applies to an employee's spouse, children and relatives living in the same household as the director or officer, as well as to any arrangements or agreements with other persons, family members or otherwise, as to the purchase or sale of shares.

## 2. Additional Restrictions on Trading During Certain “Black-out” Periods

The procedures in this section regarding the participation in the market for the Company’s Common Stock by the directors and executive officers of the Company and/or Bank have been adopted by the Boards of Directors of the Company and the Bank in order to assure compliance with federal securities laws. These procedures are designed to avoid even the appearance of trading on insider information and, as a precautionary matter, eliminate the ongoing question of when knowledge of unreported quarterly and year-end financial information may be considered “material” under insider trading laws.

The following procedures will be followed by Directors and Executive Officers of the Companies:

- a. During the period commencing approximately ten days prior to any quarter/year end, and ending at the beginning of the second business day after the financial results of the quarter/year end have been publicly announced, Directors and Executive officers should refrain from participating, directly or indirectly, in the market for the common stock.
- b. Prior to the execution of, or the placing of an order with respect to, any trades in the Company’s Common Stock, the President should be notified.
- c. Options may be exercised during black-out periods if the exercise price of the option is paid for in cash. However, the surrender of outstanding Common Stock to pay the exercise price of an option during the blackout period is strongly discouraged.
- d. Shares of Common Stock received from the exercise of options may not be sold during the blackout period.
- e. In order to avoid the appearance of impropriety, the gifting of shares to relatives during the blackout periods is discouraged if the grantor knows or has reason to believe that the recipient of the Common Stock intends to sell the shares during the blackout period.

To comply with the various sections of this policy, the Internal Auditor of the Companies (or appropriate appointee of the Board) has been instructed to closely monitor all insider stock transactions. Any irregularities or exceptions to this policy will be promptly reported to Board of Directors of the Company for review to determine if any further action is necessary. In addition, all directors, executive officers, officers, and employees of the Company and any of its affiliates will be required to execute a confidentiality agreement as a condition of employment or service on the Board that will include a provision that they have read and agree to abide by this Code of Ethics as well as the Privacy policy.

## **IX. DOING BUSINESS WITH AN AFFILIATE**

The Companies may occasionally conduct business either directly or through a business enterprise with an affiliated person. In these situations, the Companies shall secure bids from other non-affiliated persons or business enterprises for the services or equipment being considered.

From time to time, third party vendors may utilize the services of an affiliated person’s business to provide services or products to the Companies. The affiliate is required to report their association with the Companies to the third party vendor prior to the performance of the services or delivery of the products to ensure that no favorable treatment was granted due the affiliate’s relationship with the Companies.

## **X. OUTSIDE ACTIVITIES AND EMPLOYMENT**

Employees, as defined herein, are prohibited from engaging in any outside activities which are in conflict with the duties, functions, and responsibilities they have to the Companies without following the disclosure provisions described in Section IV above. Additionally, they shall not engage in any compensatory outside activities which will directly or indirectly contribute to the lessening of their effectiveness in their Bank related duties. Any involvement in these types of activities must not interfere with their work schedule at the Companies or negatively impact their job performance. Such activities include, but are not limited to, volunteer work, political activities, professional organizations, school, and part time jobs. Employees are prohibited from accepting outside compensatory activities with other companies that will create a conflict of interest with the Companies. Such activities include: 1) working for companies whose products and services are in direct competition with those offered by the Companies (such as other financial institutions, insurance companies, or loan companies), and 2) working for any company that provides direct services or products to the Companies (such as computer consulting firms, real estate agencies, office supply companies or marketing firms). In addition, employees are prohibited from accepting compensation from outside sources that capitalize on their position with the Companies.

Any outside activities that an employee participates in must not have the potential for unauthorized use of confidential information about our customers. It is of utmost importance that the customers' confidential, non-public personal information be safeguarded against unauthorized usage. All employees of the Companies are required to annually read and sign the "Employee Confidentiality Agreement" to protect against the leakage of confidential, privileged information.

Outside activities of officers and employees, individually and collectively, will be considered by senior management in determining whether outside activities will negatively impact the Companies' image as professional organizations with high ethical standards and professional reputations. If it is determined that such activities will negatively impact the Companies' image and reputation, the officer or employee will cease such activities.

Officers and employees are required to report all outside activities to their supervisor. In addition, officers and employees seeking outside compensatory activities must complete a "Request for Authorization to Engage in Outside Compensatory Activity Form" for approval by senior management. If approved, a copy of the form will be made part of their personnel file. Officers or employees who do not obtain approval from senior management for outside compensatory activities may elect to present their case to the Board of Directors for further action, if necessary.

## **XI. ALL EMPLOYEES ARE RESPONSIBLE**

It is the responsibility of each employee of the Companies to be familiar with this Internal Code of Ethics. The Chairperson of the Board, or other duly selected member of the Audit Committee, is expected to make every reasonable effort to ensure that all employees comply with the provisions of the Code of Ethics.

Employees may periodically be requested to re-affirm in writing that they adhere to this Code.

## **XII. INTERNAL REPORTING OF CODE VIOLATIONS EXPECTED**

The Companies are committed to maintaining procedures that permit the receipt, retention, and treatment of complaints received by the Companies regarding accounting, internal accounting controls, and accounting matters. Directors, officers and employees shall refrain from disclosing confidential information acquired in the course of their work except when authorized, unless legally obligated to do so.

It is required that officers and employees talk to their supervisors, managers, or other appropriate personnel when they are in doubt about the best course of action in any particular situation. They

are required to report violations of laws, rules, regulations, or codes of business conduct to the Audit Committee of the Board of Directors.

### **XIII. NO RETALIATION FOR REPORTING CODE VIOLATIONS**

The Companies will not permit retaliation against any officers or employees for reporting any breaches of this Code of Ethics in good faith.

### **XIV. EFFECT OF FAILING TO FOLLOW THIS CODE OF ETHICS**

A failure to follow both the letter and the spirit of this Code of Ethics and its defining policy and procedures shall be considered a matter of extreme seriousness. Employees who willfully and purposefully violate any of the provisions of this Internal Code of Ethics may be subject to internal discipline, up to and including dismissal from employment, or removal from the Board. Pursuing criminal prosecution for violations may also be considered by the Board of Directors.

### **XV. FREQUENCY OF CODE REVIEW**

This policy will be reviewed annually by the Board of Directors and revised as warranted.