

PREMIERWEST BANCORP
CODE OF CONDUCT AND ETHICS

Introduction

We are committed to maintaining the highest standards of business conduct and ethics. This Code of Conduct and Ethics (the “Code”) reflects the business practices and principles of behavior that support this commitment. We expect every employee, officer and director to read and understand the Code and its application to the performance of his or her business responsibilities. References in the Code to employees are intended to cover officers and, as applicable, directors.

Officers, managers and other supervisors are expected to develop in employees a sense of commitment to the spirit, as well as the letter, of the Code. Supervisors are also expected to ensure that all agents and contractors conform to Code standards when working for or on behalf of PremierWest Bancorp (“PremierWest”). PremierWest includes PremierWest Bancorp, its subsidiary company PremierWest Bank and PremierWest Bank’s subsidiary companies Premier Finance Company and Premier West Investment Services, Inc. The compliance environment within each supervisor’s assigned area of responsibility will be a significant factor in evaluating the quality of that individual’s performance. Nothing in the Code alters the employment at-will policy of employees of PremierWest Bank.

The Code cannot possibly describe every practice or principle related to honest and ethical conduct. The Code addresses conduct that is particularly important to proper dealings with the people and entities with which we interact, but reflects only a part of our commitment. The Code should be read in conjunction with other policies Bancorp has which address conduct of employees. These policies include, but are not limited to Bancorp’s Insider Trading Policy and Employee Handbook.

Action by members of your immediate family or other persons who live in your household also may potentially result in ethical issues to the extent that they involve PremierWest’s business. For example, acceptance of inappropriate gifts by a family member from one of our suppliers could create a conflict of interest and result in a Code violation attributable to you. Consequently, in complying with the Code, you should consider not only your own conduct, but also that of your immediate family members, and other persons who live in your household.

The integrity and reputation of PremierWest depends on the honesty, fairness and integrity brought to the job by each person associated with us. It is the responsibility of each employee to apply common sense, together with the highest personal ethical standards, in making business decisions where there is no stated guideline in the Code. Unyielding personal integrity is the foundation of corporate integrity.

YOU SHOULD NOT HESITATE TO ASK QUESTIONS ABOUT WHETHER ANY CONDUCT MAY VIOLATE THE CODE, VOICE CONCERNS OR CLARIFY GRAY AREAS. SECTION 11 BELOW DETAILS THE COMPLIANCE RESOURCES AVAILABLE TO YOU. IN ADDITION, YOU SHOULD BE ALERT TO POSSIBLE VIOLATIONS OF THE CODE BY

OTHERS AND REPORT SUSPECTED VIOLATIONS, WITHOUT FEAR OF ANY FORM OF RETALIATION, AS FURTHER DESCRIBED IN SECTION 11. Violations of the Code will not be tolerated. Any employee who violates the standards in the Code may be subject to disciplinary action, up to and including termination of employment and, in appropriate cases, civil legal action or referral for criminal prosecution.

1. Legal Compliance

Obedying the law, both in letter and in spirit, is the foundation of this Code. Our success depends upon each employee operating within legal guidelines and cooperating with local, national and international authorities. It is therefore essential that you understand the legal and regulatory requirements applicable to your business unit and area of responsibility. We hold periodic training sessions to ensure that all employees comply with the relevant laws, rules and regulations associated with their employment, including laws prohibiting insider trading (which are discussed in further detail in Section 2 below). While we do not expect you to memorize every detail of these laws, rules and regulations, we want you to be able to determine when to seek advice from others. If you do have a question in the area of legal compliance, it is important that you not hesitate to seek answers from your supervisor or the Ethics Compliance Officer.

Disregard of the law will not be tolerated. Violation of domestic or foreign laws, rules and regulations may subject an individual, as well as PremierWest, to civil and/or criminal penalties. You should be aware that conduct and records, including emails, are subject to internal and external audits, and to discovery by third parties in the event of a government investigation or civil litigation. It is in everyone's best interests to know and comply with our legal and ethical obligations.

2. Confidential Information; Insider Trading

Employees who have access to confidential (or "inside") information are not permitted to use or share that information for stock trading purposes or for any other purpose except to conduct our business. All non-public information about PremierWest or about companies with which we do business is considered confidential information. To use non-public information in connection with buying or selling securities, including "tipping" others who might make an investment decision on the basis of this information, is not only unethical, it is illegal. Employees must exercise the utmost care when handling inside information. We have adopted a separate Insider Trading Policy to which you are bound as a condition of your employment here. You should consult the Insider Trading Policy for more specific information on the definition of "inside information" and on buying and selling our securities or securities of companies with which we do business.

3. Conflicts of Interest

A "conflict of interest" occurs when an individual's personal interest may interfere in any way with the performance of his or her duties or the best interests of PremierWest. A conflicting personal interest could result from an expectation of personal gain now or in the future or from a need to satisfy a prior or concurrent personal obligation. We expect our employees to be free

from influences that conflict with the best interests of PremierWest. Even the appearance of a conflict of interest where none actually exists can be damaging and should be avoided. Whether or not a conflict of interest exists or will exist can be unclear. Conflicts of interest are prohibited unless specifically authorized as described below.

If you have any questions about a potential conflict or if you become aware of an actual or potential conflict and you are not an officer or director of PremierWest, you should discuss the matter with your supervisor or the Ethics Compliance Officer (as further described in Section 11). Supervisors may not authorize conflict of interest matters without first seeking the approval of the Ethics Compliance Officer and filing with the Ethics Compliance Officer a written description of the authorized activity. If the supervisor is involved in the potential or actual conflict, you should discuss the matter directly with the Ethics Compliance Officer. Executive officers and directors should seek authorization from the Audit Committee. Factors that may be considered in evaluating a potential conflict of interest are, among others:

- Whether it may interfere with the employee's job performance, responsibilities or morale;
- Whether the employee has access to confidential information;
- Whether it may interfere with the job performance, responsibilities or morale of others within the organization;
- Any potential adverse or beneficial impact on our business;
- Any potential adverse or beneficial impact on our relationships with our customers or suppliers or other service providers;
- Whether it would enhance or support a competitor's position;
- The extent to which it would result in financial or other benefit (direct or indirect) to the employee;
- The extent to which it would result in financial or other benefit (direct or indirect) to one of our customers, suppliers or other service providers; and
- The extent to which it would appear improper to an outside observer.

The following are examples of situations that may, depending on the facts and circumstances, involve conflicts of interests:

- *Employment by (including consulting for) or service on the board of a competitor, customer or supplier or other service provider.* Activity that enhances or supports the position of a competitor to the detriment of PremierWest is prohibited, including employment by or service on the board of a competitor. Employment by or service on the board of a customer or supplier or other service provider is generally

discouraged and you must seek authorization in advance if you plan to take such action.

- *Owning, directly or indirectly, a significant financial interest in any entity that does business, seeks to do business or competes with us.* In addition to the factors described above, persons evaluating ownership for conflicts of interest will consider the size and nature of the investment; the nature of the relationship between the other entity and PremierWest; the employee's access to confidential information and the employee's ability to influence PremierWest decisions. If you would like to acquire a financial interest of that kind, you must seek approval in advance.
- *Soliciting or accepting gifts, favors, loans or preferential treatment from any person or entity that does business or seeks to do business with us.* See Section 7 for further discussion of the issues involved in this type of conflict.
- *Soliciting contributions to any charity or for any political candidate for an improper purpose from any person or entity that does business or seeks to do business with us.*
- *Taking personal advantage of corporate opportunities.* See Section 4 for further discussion of the issues involved in this type of conflict.
- *Employment outside PremierWest without prior approval.*
- *Conducting our business transactions with your family member or person who shares your household or a business in which you have a significant financial interest.* Material related-party transactions approved by the Audit Committee and involving any executive officer or director will be publicly disclosed as required by applicable laws and regulations.

4. Corporate Opportunities

You may not take personal advantage of opportunities that are presented to you or discovered by you as a result of your position with us or through your use of corporate property or information, unless authorized by the Ethics Compliance Officer or the Audit Committee, as described in Section 3. Even opportunities that are acquired privately by you may be questionable if they are related to our existing or proposed lines of business. Participation in an investment or outside business opportunity that is related to our existing or proposed lines of business must be pre-approved. You cannot use your position with us or corporate property or information for improper personal gain, nor can you compete with us in any way.

5. Maintenance of Corporate Books, Records, Documents and Accounts; Financial Integrity; Public Reporting

The integrity of our records and public disclosure depends on the validity, accuracy and completeness of the information supporting the entries to our records. Therefore, our corporate and business records should be completed accurately and honestly. The making of false or misleading entries, whether they relate to financial results or test results, is strictly prohibited.

Our records serve as a basis for managing our business and are important in meeting our obligations to customers, suppliers, creditors, employees and others with whom we do business. As a result, it is important that our records accurately and fairly reflect, in reasonable detail, our assets, liabilities, revenues, costs and expenses, as well as all transactions and changes in assets and liabilities. We require that:

- No entry be made that intentionally hides or disguises the nature of any transaction or of any of our liabilities, or misclassifies any transactions as to accounts or accounting periods;
- Transactions be supported by appropriate documentation;
- The terms of sales and other commercial transactions be reflected accurately in the documentation for those transactions and all such documentation be reflected accurately in our records;
- Employees comply with our system of internal controls; and
- No cash or other assets are maintained for any purpose in any unrecorded or “off-the-books” fund.

Our accounting records are also relied upon to produce reports for our management, stockholders and creditors, as well as for governmental agencies. In particular, we rely upon our accounting and other business and corporate records in preparing the periodic and current reports that we file with the SEC. These reports must provide full, fair, accurate, timely and understandable disclosure and fairly present our financial condition and results of operations. Employees who collect, provide or analyze information for or otherwise contribute in any way in preparing or verifying these reports should strive to ensure that our financial disclosure is accurate and transparent and that our reports contain all of the information about PremierWest that would be important to enable stockholders and potential investors to assess the soundness and risks of our business and finances and the quality and integrity of our accounting and disclosures. In addition:

- No employee may take or authorize any action that would cause our financial records or financial disclosure to fail to comply with generally accepted accounting principles, the rules and regulations of the SEC or other applicable laws, rules and regulations;
- All employees must cooperate fully with our accounting department and internal auditors, as well as our independent public accountants and counsel, respond to their questions with candor and provide them with complete and accurate information to help ensure that our books and records, as well as our reports filed with the SEC, are accurate and complete; and
- No employee should knowingly make (or cause or encourage any other person to make) any false or misleading statement in any of our reports filed with the SEC or knowingly omit (or cause or encourage any other person to omit) any information

necessary to make the disclosure in any of our reports accurate in all material respects.

Any employee who becomes aware of any departure from these standards has a responsibility to report his or her knowledge promptly to a supervisor, the Ethics Compliance Officer or one of the other compliance resources described in Section 11.

6. Fair Dealing

We strive to outperform our competition fairly and honestly. Advantages over our competitors are to be obtained through superior performance of our products and services, not through unethical or illegal business practices. Acquiring proprietary information from others through improper means, possessing trade secret information that was improperly obtained, or inducing improper disclosure of confidential information from past or present employees of other companies is prohibited, even if motivated by an intention to advance our interests. If information is obtained by mistake that may constitute a trade secret or other confidential information of another business, or if you have any questions about the legality of proposed information gathering, you must consult your supervisor or the Ethics Compliance Officer, as further described in Section 11.

You are expected to deal fairly with our customers, suppliers, employees and anyone else with whom you have contact in the course of performing your job. No employee may take unfair advantage of anyone through misuse of confidential information, misrepresentation of material facts or any other unfair dealing practice.

Employees involved in procurement have a special responsibility to adhere to principles of fair competition in the purchase of products and services by selecting suppliers based exclusively on normal commercial considerations, such as quality, cost, availability, service and reputation, and not on the receipt of special favors.

7. Gifts and Entertainment

Business entertainment and gifts are meant to create goodwill and sound working relationships and not to gain improper advantage with customers or facilitate approvals from government officials. Unless written permission is received from the Ethics Compliance Officer or the Audit Committee, entertainment and gifts cannot be offered, provided or accepted by any employee unless consistent with customary business practices and not (a) excessive in value, which would be any one item valued over \$100.00 or multiple items in any one year valued in the aggregate over \$250.00, (b) in cash, (c) susceptible of being construed as a bribe or kickback or (d) in violation of any laws. This principle applies to our transactions everywhere in the world, even where the practice is widely considered “a way of doing business.” Under some statutes, giving anything of value to a government official to obtain or retain business or favorable treatment is a criminal act subject to prosecution and conviction. Discuss with your supervisor or the Ethics Compliance Officer any proposed entertainment or gifts if you are uncertain about their appropriateness.

8. Protection and Proper Use of Company Assets

All employees are expected to protect our assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on our profitability. Our property, such as office supplies, computer equipment, and offices, are expected to be used only for legitimate business purposes, although incidental personal use may be permitted. Employees should be mindful of the fact that we retain the right to access, review, monitor and disclose any information transmitted, received or stored using our electronic equipment, with or without an employee's or third party's knowledge, consent or approval. Any misuse or suspected misuse of assets must be immediately reported to your supervisor or the Ethics Compliance Officer.

9. Confidentiality

One of our most important assets is our confidential information. Employees who have received or have access to confidential information should take care to keep this information confidential. Confidential information may include business, marketing and service plans, financial information, databases, customer lists, pricing strategies, personnel data, personally identifiable information pertaining to our employees, customers or other individuals (including, for example, names, addresses, telephone numbers and social security numbers), and similar types of information provided to us by our customers.

Except when disclosure is authorized or legally mandated, you must not share our or our customers' confidential information with third parties or others within PremierWest who have no legitimate business purpose for receiving that information. Unauthorized use or distribution of this information could also be illegal and result in civil liability and/or criminal penalties.

You should also take care not to inadvertently disclose confidential information. Materials that contain confidential information, such as memos, notebooks, computer disks and laptop computers should be stored securely. Unauthorized posting or discussion of any information concerning our business, information or prospects on the Internet is prohibited. You may not discuss our business, information or prospects in any "chat-room," regardless of whether you use your own name or a pseudonym. Be cautious when discussing sensitive information in public places like elevators, airports, restaurants and "quasi-public" areas within PremierWest, such as cafeterias or lunchrooms. All PremierWest emails, voicemails and other communications are presumed confidential and should not be forwarded or otherwise disseminated outside of PremierWest, except where required for legitimate business purposes.

In addition to the above responsibilities, if you are handling information protected by any privacy policy published by us, such as confidential customer information, then you must handle that information solely in accordance with the applicable policy.

10. Waivers

Any waiver of this Code for executive officers (including, where required by applicable laws, our principal executive officer, principal financial officer, principal accounting officer or controller (or persons performing similar functions)) or directors may be authorized only by our Board of Directors or a committee of the Board and will be disclosed to stockholders as required by applicable laws, rules and regulations.

11. Compliance Standards and Procedures

Compliance Resources

To facilitate compliance with this Code, we have implemented a program of Code awareness, training and review. We have established the position of Ethics Compliance Officer to oversee this program. The Ethics Compliance Officer is a person to whom you can address any questions or concerns. In addition to fielding questions or concerns with respect to potential violations of this Code, the Ethics Compliance Officer is responsible for:

- Investigating possible violations of the Code;
- Training new employees in Code policies;
- Conducting annual training sessions to refresh employees' familiarity with the Code;
- Distributing copies of the Code annually [via email] to each employee with a reminder that each employee is responsible for reading, understanding and complying with the Code;
- Updating the Code as needed and alerting employees to any updates, with appropriate approval of the Executive Committee of the Board of Directors, to reflect changes in the law, PremierWest operations and in recognized best practices, and to reflect PremierWest experience; and
- Otherwise promoting an atmosphere of responsible and ethical conduct.

Your most immediate resource for any matter related to the Code is your supervisor. He or she may have the information you need, or may be able to refer the question to another appropriate source. There may, however, be times when you prefer not to go to your supervisor. In these instances, you should feel free to discuss your concern with the Ethics Compliance Officer. If you are uncomfortable speaking with the Ethics Compliance Officer because he or she works in your department or is one of your supervisors, please contact the President/Chief Executive Officer, Senior Executive Vice President & Chief Operating Officer, or the Executive Vice President & Chief Administrative Officer. In addition, the Company maintains an anonymous reporting system where you may relate any matter related to the Code.

Clarifying Questions and Concerns; Reporting Possible Violations

If you encounter a situation or are considering a course of action and its appropriateness is unclear, discuss the matter promptly with your supervisor or the Ethics Compliance Officer. Even the appearance of impropriety can be very damaging and should be avoided.

If you are aware of a suspected or actual violation of Code standards by others, you have a responsibility to report it. You are expected to promptly provide a compliance resource with a specific description of the violation that you believe has occurred, including any information you have about the persons involved and the time of the violation. Whether you choose to speak with

your supervisor or the Ethics Compliance Officer, you should do so without fear of any form of retaliation. We will take prompt disciplinary action against any employee who retaliates against you, up to and including termination of employment.

Supervisors must promptly report any complaints or observations of Code violations to the Ethics Compliance Officer. The Ethics Compliance Officer will investigate all reported possible Code violations promptly and with the highest degree of confidentiality that is possible under the specific circumstances. Your cooperation in the investigation will be expected. As needed, the Ethics Compliance Officer will consult with the Human Resources department and/or the Audit Committee of the Board of Directors

If the investigation indicates that a violation of the Code has probably occurred, we will take such action, as we believe to be appropriate under the circumstances. If we determine that an employee is responsible for a Code violation, he or she will be subject to disciplinary action up to, and including, termination of employment and, in appropriate cases, civil action or referral for criminal prosecution. Appropriate action may also be taken to deter any future Code violations.

PREMIERWEST BANCORP
CODE OF CONDUCT AND ETHICS ACKNOWLEDGMENT

1. I have been provided with a copy of the PremierWest Bancorp Code of Conduct and Ethics.

I have read and understand the Code of Conduct and Ethics (the “Code”) as outlined and I have read and understand the above Statement and Acknowledgment.

2. I understand that failure to abide by the “Code”, as interpreted and applied by the company, could lead to disciplinary action, up to and including termination of employment. I also understand that failure to abide by the “Code” could subject me to legal action, including possible civil penalties and referral for criminal prosecution.

Printed Name

Department or Branch Location

Signature

Date

Manager Acknowledgment

Date