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result of his or her position at the Company. Loans to, other than those made in the ordinary course of business, or guarantees of obligations of, employees or directors or their family members may also create a conflict of interest.

Conflict issues can generally be resolved by promptly notifying the Company. All employees, officers and directors must therefore notify the proper personnel of any actual or potential conflict of interest situation. The employee's manager, the director of human resources or the Company's outside legal counsel can then provide guidance on how best to resolve the conflict. Any actions taken will be in favor of resolving or avoiding any potential conflict.

Outside Employment and Affiliations. No outside activity may interfere with the work performed for the Company. Acceptance of outside employment, election to directorships of other corporations, representation of customers in their dealings with the Company and participation in the affairs of outside organizations, all carry possibilities of conflict of interests. Staff members must obtain prior approval in writing for contemplated outside employment through their department head, the director of human resources and the President.

Types of Activities. The following types of activities are not permitted by the Company:

- Employment by a company or personally engaging in any activity that is competitive with the Company.
- Preparation, audit or certification of statements or documents upon which the Company might rely for lending or other purposes. Rendering investment counsel for compensation or rendering investment counsel or other advice based upon information, reports or analysis that are accessible primarily from or through a staff member's employment with the Company.
- Use of the Company's equipment, supplies or facilities for personal profit making purposes.
- Any effort or attempt that may reflect adversely upon the organization or the staff member.

The following types of activities could raise questions or could result in a conflict of interest:

- Rendering accounting or tax services for any person, firm or corporation while working for the Company.

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- An employee being named beneficiary on a trust account or a joint tenant on a joint tenancy account of a client.
- Publication of books or articles for a fee while working for the Company.
- Membership on the board of directors of other financial services companies.
- Becoming a candidate for any elective public office (or otherwise engaging in a campaign in some official capacity, such as a campaign manager), engaging in outside employment under any governmental unit or being appointed to any governmental position.

Any question concerning the application of these provisions should be directed to the employee's department head, the director of human resources and the President.

Familial Relationships. Situations may arise where relationships with family members and friends create conflicts of interest. Generally, employees are prohibited from being in the position of supervising, reviewing or having any influence on the job evaluation or salary of their close relatives. Directors and employees who have family members or friends that work for businesses seeking to provide goods or services to the Company may not use their personal influence to affect negotiations. Employees who have relatives or friends that work for competitors, and where such relationships might result in a conflict of interest, should bring this fact to the attention of their immediate supervisors.

Gifts and Entertainment. The Company considers the proper handling of gifts an important element of its business relationships and its reputation. Therefore, it is important that all employees, officers and directors of the Company understand how to handle the legal and ethical issues associated with gifts and entertainment and how they can affect our relationships and reputation with our customers, suppliers, and the general public.

No officer, director, employee, agent or attorney of the Company shall solicit or accept for himself or any other person or entity, directly or indirectly, anything of value in connection with any transaction or business of the Company. No provision set out below in this statement is intended to provide an exception to this basic policy. All persons associated with the Company should manage their conduct so that it does not create the appearance of the violation of this policy.

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Restrictions on Loan Procurement Fees and Kickbacks. Except as provided below, no officer, director, employee, agent or attorney of or for the Company (nor any member of the immediate family of such persons) shall solicit or accept from any person or entity, other than the Company, any gift, gratuity, favor, entertainment, loan or any other thing of value from a person who:

- has or is seeking to obtain a loan from the Company;
- has or is seeking to obtain a contractual, business or financial relationship of any type with the Company; or
- has any interest that may be substantially affected by decisions or actions of the Company and is in any way attempting to influence or affect any decision or action of the Company.

Permitted Transactions. As long as there is no violation of the aforementioned general requirements, the following types of transactions are generally permissible:

- Solicitation or acceptance of anything of value from a friend, parent, spouse, child or other close relative, when the circumstances make it clear that the motivation for the action is a personal or family relationship.
- Solicitation or acceptance of anything of value on behalf of a charitable institution or other similar activities, when the circumstances make it clear that the action is unrelated to any transaction or business of the Company.
- Solicitation or acceptance of anything of value in connection with business or other relationships not connected with the business of the Company, on customary, arms' length terms for proper and usual purposes.
- Acceptance of food and refreshment of nominal value on infrequent occasions, in the ordinary course of a luncheon or dinner meeting, or other meeting or inspection where the individual is properly in attendance.
- Acceptance of modest entertainment, such as a meal or refreshment, in connection with widely attended gatherings, sponsored by civic, professional or trade organizations, or in connection with attendance and public ceremonies or other activities where an individual's participation is either unrelated to the Company's business or the individual is attending in his

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official capacity as a representative of the Company and the entertainment accepted is related to and in keeping with official participation.

- Acceptance of unsolicited advertising or promotional material, such as pens, pencils, note pads, calendars and other items of nominal intrinsic value.
- Acceptance of incidental transportation in kind, when it is furnished in connection with the performance of the Company's business and is of a type customarily provided by the provider.

Conflicts of interest are prohibited as a matter of the Company policy. Conflicts of interest may not always be clear-cut, so if you have a question, you should consult with your supervisor, manager or the director of human resources. Directors should consult with the Company's outside legal counsel. Any employee who becomes aware of a conflict or potential conflict should promptly bring it to the attention of a supervisor, manager or the director of human resources, or consult the procedures described in Sections 13 and 14 of this Code. Any director who becomes aware of a conflict or potential conflict should promptly bring it the attention of the Company's outside legal counsel.

Additional situations are mentioned in the Conflict of Interest Policy. In case of discrepancies between this code and the referred Policy, this code will prevail.

3. Insider Trading

Employees and directors who have access to confidential information are not permitted to use or share that information for stock trading purposes or for any other purpose except the conduct of our business. All non-public information about the Company should be considered confidential information. To use non-public information for personal financial benefit or to "tip" others who might make an investment decision on the basis of this information is not only unethical but also illegal.

The Company has established the following procedures to avoid non-compliance events in regards to insider trading transactions:

- Pre-notification process – Each director and executive officer of the Company and their immediately family members shall not execute any Company's stock transaction before notifying to the Company Compliance Officer at least two days in advance the transaction date. The Company Compliance Officer will determine if there is no problem or restriction with the transaction.

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or director may compete with the Company directly or indirectly. Employees and directors owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

5. Competition and Fair Dealing

We seek to outperform our competition fairly and honestly. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited. Each employee and director should endeavor to respect the rights of, and to deal fairly with, the Company's customers, suppliers, competitors and employees. No employee or director should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair dealing practice.

6. Discrimination and Harassment

The diversity of the Company's employees is a tremendous asset. We are firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or harassment of any kind. Examples include derogatory comments based on racial or ethnic characteristics and unwelcome sexual advances.

7. Health and Safety

The Company strives to provide each employee with a safe and healthy work environment. Each employee has responsibility for maintaining a safe and healthy workplace for all employees by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions. Violence and threatening behavior are not permitted. Employees should report to work in condition to perform their duties, free from the influence of illegal drugs or alcohol. The use of illegal drugs in the workplace will not be tolerated.

8. Record-Keeping

The Company requires honest and accurate recording and reporting of information in order to make responsible business decisions.

Many employees regularly use business expense accounts, which must be documented and recorded accurately. If you are not sure whether reimbursement for a certain expense is permissible, ask your supervisor or the Accounting Department.

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All of the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions and must conform both to applicable legal requirements and to the Company's system of internal controls.

All employees are responsible to report to the Company any questionable accounting or auditing matters that may come to their attention. Business records and communications often become public, and we should avoid exaggeration, derogatory remarks, guesswork, or inappropriate characterizations of people and companies that can be misunderstood. This applies equally to e-mail, internal memos and formal reports. Records and documents should always be retained or destroyed according to the Company's record retention policies.

9. Confidentiality

Employees and directors must maintain the confidentiality of confidential information entrusted to them by the Company or its customers as well as comply with the Privacy Policy and the procedures to protect customer information (to avoid identity theft). Employees can share information when the President of the Company authorizes disclosure or such disclosure is required by law. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company or its customers, if disclosed. It also includes information that clients, suppliers and customers have entrusted to us. The obligation to preserve confidential information continues even after employment with the Company ends.

10. Protection and Proper Use of Corporation Assets

All employees and directors should endeavor to protect the Company's assets and ensure their efficient use. Theft, carelessness, and waste have a direct impact on the Company's profitability. Any suspected incident of fraud or theft should be immediately reported for investigation to the Accounting Department. All Company assets should be used for legitimate business purposes and should not be used for non-Company business, though incidental personal use may be permitted with the permission of your supervisor.

The obligation of employees and directors to protect the Company's assets includes its proprietary information. Proprietary information includes intellectual property such as trade secrets, patents, trademarks, and copyrights, as well as business, marketing and service plans, engineering and product ideas, designs, databases, records, customer lists, customer trade data, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information would violate Company policy; it could also be illegal and result in civil or even criminal penalties.

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11. Payments to Government Personnel

The U.S. Foreign Corrupt Practices Act prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. It is strictly prohibited to make illegal payments to government officials of any country.

In addition, the U.S. government has a number of laws and regulations regarding business gratuities which may be accepted by U.S. government personnel. The promise, offer or delivery to an official or employee of the U.S. government of a gift, favor or other gratuity in violation of these rules would not only violate the Company policy but could also be a criminal offense.

12. Waivers of or Changes in the Code of Business Conduct and Ethics

Any waiver of this Code for, or changes to this Code that apply to, executive officers or directors, may be made only by the Company's Board or a Board committee and will be promptly disclosed as required by law, regulation of the SEC and NYSE requirements.

13. Reporting any Illegal or Unethical Behavior

When in doubt of the best course of action in a particular situation, employees are encouraged to talk promptly to supervisors, managers or the director of human resources. It is the policy of the Company not to allow retaliation for reports of misconduct by others made in good faith by employees. Employees are expected to fully cooperate in internal investigations of misconduct.

14. Compliance Standards and Procedures

We must all work to ensure prompt and consistent action against violations of this Code. However, in some situations there may be "gray areas" for which it may be difficult to know the right thing to do. Since we cannot anticipate every situation that will arise, it is important that we have a way to approach a new question or problem. These are some steps to keep in mind:

- Make sure you have all the facts. In order to reach the right solutions, we must be as fully informed as possible.
- Ask yourself: What specifically am I being asked to do? Does it seem unethical or improper? This will enable you to focus on the specific question you are faced with, and the alternatives you have. Use your judgment and common sense; if something seems unethical or improper, it probably is.

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- Clarify your responsibility and role. In most situations, there is shared responsibility. Are your colleagues informed? It may help to get others involved and discuss the problem.
- Discuss the problem with your supervisor. This is the basic guidance for all situations. In many cases, your supervisor will be more knowledgeable about the question, and will appreciate being brought into the decision-making process. Remember that it is your supervisor's responsibility to help solve problems.
- Seek help from the Company's resources. In the rare case where it may not be appropriate to discuss an issue with your supervisor, or where you do not feel comfortable approaching your supervisor with your question, discuss it with the director of human resources.
- Your report of violations of this Code may be made in confidence and without fear of retaliation. If your situation requires that your identity be kept secret, your anonymity will be protected. The Company does not permit retaliation of any kind against employees for good faith reports of violations of this Code or questionable accounting or auditing matters. "Good faith" faith does not mean that you have to be right – but it does mean that you believe that you are providing truthful information. The important thing is that you bring your question or concern to our attention through one of the available channels.
- Always ask first, act later. If you are unsure of what to do in any situation, seek guidance before you act.

15. Complaints on Accounting and Auditing Matters

The Company has established an Anonymous Complaints and Reporting of Suspicious Activities Policy, as a confidential procedure for employees to file complaints regarding accounting and auditing matters, in the rare cases that it would not be appropriate to discuss their concerns directly with their supervisors, managers or the Accounting Department. All such communications from employees should be addressed through the following phone numbers **1-866-805-8240** or **(787) 805-8240**.

This procedure has been delegated by the Company Audit Committee to the Company Compliance Department. The Audit Committee has named the Company BSA Anti Money Laundering Compliance Officer as the only individual with access to the recordings. The BSA

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Anti Money Laundering Compliance Officer will periodically report to the Audit Committee on complaints received and the results of any investigation.

16. Stockholder Communications with the Board of Directors

The Board of Directors has established a process for stockholders to communicate with the Board. Any stockholder who wishes to communicate with the Board should forward such communication to:

Mr. César A. Ruiz, Secretary, W Holding Company, Inc., P.O. Box 1180, Mayagüez, Puerto Rico 00681.

All such stockholder communications will be forwarded to the full Board.

17. Communications with Auditors, Examiners and Legal Counsel

All employees and directors are required to respond honestly and candidly when dealing with the company's independent and internal auditors, regulators and counselors.

18. Background Checks to New Employees and Financial Information

The company makes a complete verification of information provided by persons seeking employment. This includes: verification of the credit report, ChexSystem report, certificate of good conduct, verification against the OFAC List and verification against lists of individuals that have or have been assessed civil money penalties imposed by federal regulators or have been involved in situations of cease and desist published by regulators. The credit report can also be obtained for established employees after a signed authorization.

All new executive officers and directors are required to provide also a financial statement and provide certified personal information as well as affiliations.

All executive offices and directors are required to provide an annual financial statement as of close of every calendar year. This should be submitted on or before of the closing of february and will be submitted for evaluation of the Board of Directors. The Board of Directors reserves the right to extend this requirement to all Vice Presidents, Assistant Vice Presidents, Managers or personnel in charge of departments or divisions of the company or its subsidiaries.

19. Audits

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The Internal Audit Department periodically audits the compliance of employees and directors with this code and the Conflict of Interest Policy.

20. Training and Annual Acknowledgment

The Human Resources Department delivers this code and the Conflict of Interest Policy to all new employee and director. Also, a training is offered covering all important details. An annual acknowledgment is made every year of this code and the policy to every employees.

21. Revision and Approval

This code is periodically revised and approved annually by the Board of Directors.

Public Availability

The text of these guidelines are posted in the company's internet page.

Approved by the Board of Directors of W Holding Company, Inc. on January 31, 2006.