

3.1 Code of Conduct

3.1a Purpose

Today the activities of businesses are regularly reviewed and frequently questioned. There have always been certain legal and ethical principles governing activities of employees with respect to the business for which they work. For a long time, there have been specific statutes applicable to bank employees concerning conflicting loyalties and various other aspects of our business. In the last several years there have been additional significant restrictions placed upon people involved in banking. Some of the laws apply to all persons employed by or having an official capacity with financial institutions, while others apply only to executive officers and directors. In most cases, laws are based upon principles of good business practices and fairness to which all staff members are expected to adhere. Sometimes, however, laws, which affect us, are based upon other policies, such as keeping certain types of businesses separated. The word “Company” in this code, is defined as StellarOne Corporation and all affiliate companies of StellarOne Corporation.

Because of the “fishbowl” nature of the banking business and the importance of maintaining a reputation of integrity, the Company has adopted this Code of Conduct to assist each of us as we go about our business.

The Executive Committee of the Company will deal with questions that may arise under the Code and approve certain activities as required by the Code.

Employees are required to report various business interests and are provided a Code of Conduct Disclosure form for this purpose.

Each of us should be aware of the principles in this Code of Conduct and seek assistance when any questions arise or a situation develops which may present a problem under the Code. The remainder of this code is in three parts. The first section contains basic policies to help guide us in our activities. The second portion contains some specific situations requiring prior approval. Many of these situations concern specific legal requirements, while others involve sensitive areas of potential conflicts. The third part contains summary information about certain criminal laws; the Company’s blanket bond and reporting of irregularities.

3.1b General Policies and Considerations

Confidential Information: Customers expect to be able to deal with the Company on a confidential basis. Information about a customer, or developed on behalf of a customer, should only be communicated to others or released according to standard procedures in accordance with the Company's privacy policies or when authorized by the customer or required by law.

Frequently, staff members may learn information about a customer or about the Company which has not been made generally known to the public, and which would be expected to influence a person’s decision to buy, to sell or to hold a security. The SEC has adopted Regulation FD that addresses selective disclosure of material nonpublic information. The rules are designed to

promote the full and fair disclosure of information by insiders to all users at virtually the same time. Never communicate such information to any person outside the Company, except through specifically authorized channels or as required by law.

Never use or communicate confidential information for any personal purpose, including making personal investment decisions.

Conflicts of Interest: Each of us has an obligation to deal fairly and objectively with the Company and its customers and suppliers. When acting on behalf of the Company, we are expected to place the interest of the Company ahead of other interests we have. Each of us must be constantly aware of how relationships or transactions with a customer, supplier or competitor will affect our job performance and reputation.

Consequently, a staff member should not represent the Company in a transaction if the staff member or a member of the staff member's immediate family residing with the staff member has a substantial investment in, occupies a management position with or has significant personal business dealings with any other party to the transaction.

Federal law prohibits the purchase by employees, officers, directors, or members of their immediate families any assets from any account administered by the Company's Wealth Management department.

A staff member and members of his or her immediate family who resides with the staff member should avoid making significant investment in, accepting management positions with, having significant personal business dealings with or accepting other than nominal favors from customers, suppliers or competitors.

Concerns about conflicts of interest generally should not affect normal relationships with family, friends and neighbors and transactions that are customary and ordinary, such as buying an appliance from an appliance dealer or borrowing from another financial institution. The main concerns are that staff members not accept favors that might affect their judgment and not take advantage of their positions with the Company for the sake of personal gain.

Some information in the sections "Outside Activities and Other Employment," "Personal Finances and Investments" and "Special Situations Requiring Prior Approval" relates to this section.

Outside Activities and Other Employment: We all may participate in civic, church and political activities of our own choice. The main concerns of the Company are that these activities do not unduly interfere with a staff member's job, and that the staff member does not give the impression that his or her specific actions or views are those of the Company. Whenever an activity may require a staff member to spend time away from the job, such as running for an elective office or accepting an appointment to a board or other position, the staff member should contact their senior manager to obtain prior approval.

Outside employment presents the same potential problems as outside activities and may also conflict with what the Company does or may be interested in doing or may cause us to have divided loyalties. In order to avoid any conflict of interest, employees must contact their supervisor to obtain prior consent from the Human Resources Department before accepting any employment outside the Company. The Company will not allow employment that may interfere or conflict with the interests of the Bank.

Disclosing employment by and position with the Company in resumes, press releases, introductions and the like is encouraged. However, unless acting on behalf of the Company, a staff member is not to use any of the Company's supplies, letterhead, symbols or the staff member's title in any manner that might suggest that the staff member is acting on behalf of the Company.

Personal Finances and Investments: How we manage our personal finances and investments are important to each of us and to the Company. As staff members of a financial institution, we are expected to do a good job of handling our finances. Also, we are subject to various legal restrictions, and we may easily develop conflicts of interest. Personal investments should not be made on the basis of confidential information. Do not accept special investment favors offered because of a Company relationship or position.

Advising Customers: Staff members may not give legal advice to customers, and must be careful whenever recommending professional people to a customer. If advice is requested concerning the legal consequences of a transaction, indicate that staff members cannot advise the customer and that the customer should consult an attorney. When recommending accountants, attorneys, real estate agents or persons in similar work, recommend several that are appropriately qualified without showing a preference.

3.1c Situations Requiring Prior Approval

Because of various legal restrictions and the sensitive nature of some situations, Company staff must obtain approval before undertaking certain activities or accepting certain positions. Prior review and approval protect both the staff member and the Company. The Company intends to approve the requests when such can be done in a manner that is both lawful and reasonably accommodates the legitimate interests of the Company.

A staff member must obtain the approval of Senior Management before accepting a position as an officer or director of a corporation or becoming a general partner in a partnership. An executive officer of the Company or one of its subsidiaries must obtain approval of the Executive Committee of StellarOne Corporation before accepting any such position. The staff member may retain any fees or compensation received in any such positions, except when serving at the request of the Company. A staff member must make a written request to and receive written approval from an Executive officer of the Corporation (with approval documented in employee file) before he/she may:

1. Be an employee, officer, director, partner or associate of any person engaged in any aspect of the securities business;

2. Be an employee, officer or director of any other financial institution;
3. Be an officer or director of a public utility or a public utility holding company;
4. Be involved in any way in an insurance or real estate brokerage business, serve as an advisor or consultant to anyone involved in such business or in the purchase or sale of mortgages or act as an agent with respect to management or leasing of real estate.

Any staff member must make a written request to and receive written approval from Senior Management in concurrence with the Corporate Legal Officer (with approval documented in employee file) before he/she or any member of his/her immediate family living with him/her may:

1. Serve as a fiduciary for other than the staff member's relatives or spouse or relatives of the staff member's spouse;
2. Directly or indirectly obtain an interest, other than an inheritance, in any real property or business in which the Company is interested; or
3. Solicit or receive a gift, inheritance, service or favor from a customer or vendor, other than:
 - a. A gift, inheritance, service or favor of nominal value (\$50 or less) and/or is also provided to other members of the general public;
 - b. Discounts available to the general public;
 - c. Meals or entertainment appropriate to circumstances and for which he/she or the Company have or will have or will probably provide similar reciprocal meals, or entertainment or;
 - d. Anything of value from a relative or friend or any member of your immediate family, where such thing of value is not associated with or intended to influence any transaction involving the Company.

3.1d Other Matters

Criminal Laws: Certain specific laws deal with activities of staff members of financial institutions. It is illegal for such staff members to:

1. Corruptly solicit or receive a fee, commission, service or gift from another person in connection with any transaction with or involving the institution;
2. Steal, embezzle or misapply funds or assets of the institution;
3. Issue unauthorized obligations of or make false entries in the books of the institution;
4. Make extortionate extensions of credit;
5. Certify a check drawn on an account at the institution in which there are not sufficient collected funds to cover the check; or
6. Make loans to persons responsible for examining the institution on behalf of a regulatory authority.

Criminal penalties are generally applicable to persons who violate such laws.

Fidelity Bond: Every staff member is covered by the Company's fidelity bond. The Company will not continue to employ anyone who ceases to be eligible for this coverage. Coverage under

the bond ceases for anyone whom the Company knows has committed a dishonest or fraudulent act. Such acts include the misappropriation of money or other property, the intentional misposting of accounts to favor oneself or another, the making of any other false entries, records of reports and the deliberate misrouting of checks or other money instruments to alter the normal flow of funds. Dishonest and fraudulent acts committed by a staff member against other persons will also cause termination of coverage when known by the Company.

Reporting Irregularities: It is each staff member's responsibility to promptly report any known or suspected irregularities or violations of criminal law involving a staff member of the Company, including any known or suspected cases of staff members under investigation by external authorities. Employees should reference the reporting procedures in Section 3.2.

Bank Secrecy Act crimes are handled by **Compliance**. This includes money laundering, structuring of transactions, etc. **Security** or the **Bank Secrecy Act unit** are responsible for handling all other crimes committed against the Company, whether involving staff members or non-staff members. Such crimes include defalcation/embezzlement, misappropriation, false statement, misuse of position/self-dealing, mysterious disappearance, check fraud, check kiting, credit card fraud, robbery, burglary, bomb threat, kidnap/extortion, possession/use of drugs weapons on premises, vandalism, larceny, of personal or Company property, forgeries, swindles, etc.

Regulatory reporting of crimes and suspected crimes and subsequent reporting to the Board of Directors and Internal Audit will be handled by Security or Bank Secrecy Act unit. Regulatory reporting of Bank Security Act related crimes and subsequent reporting to the Board of Directors and Internal Audit will be handled by Compliance.

Notice to Officers and Employees: Officers and employees of the Company are hereby put on notice that violations of this Code of Conduct may jeopardize the good standing and financial health of the Company and that such violations will be regarded by the Board of Directors with utmost concern. Officers or employees who are found to have violated this policy may be subject to dismissal.

Matters not Covered by the Code: The Board of Directors recognizes that it is impossible to define every practice that could constitute an objectionable conflict. The omission of any specific policy of limitation or prohibition noted above, however, shall not be regarded as approval of practices or conditions not specifically covered, and the Board of Directors will take appropriate action to prevent and eliminate conflicts when circumstances so warrant.

Revision of the Code: The Code will be reviewed by the Audit Committee at least annually and revised if appropriate.