



Code of Conduct & Ethics Policy

Holding Company

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POLICY

It is the policy of Vineyard National Bancorp ("the Company") and each of its direct or indirect wholly owned subsidiaries, including Vineyard Bank, ("the Bank") to promote honest and ethical conduct, comply with the Bank Bribery Act and all applicable laws and regulations regarding standards of ethics, conduct and conflicts of interest. The Company expects its directors, officers, and employees to conduct business in accordance with the letter, spirit and intent of all relevant laws and to refrain from any illegal, dishonest, or unethical conduct.

The successful business operation and reputation of the Company is built upon the principles of fair dealing and ethical conduct of our directors, officers, and employees. Our reputation for honesty, integrity and security requires careful observance of the spirit and letter of all applicable laws and regulations, as well as scrupulous regard for the highest standards of conduct and personal integrity. The continued success of the Company is dependent upon customers' trust in the Company and the Company is dedicated to preserving that trust. Directors, officers, and employees owe a duty to the Company, its customers, and shareholders to act in a way that will merit the continued trust and confidence of the public.

STATEMENT OF COMPLIANCE

The Company recognizes its responsibility to its customers to protect the assets placed in its care and custody. The Company maintains appropriate accounting, personnel, compliance and auditing controls, and takes such physical security measures as are required by law to safeguard all assets. The Risk Management Department and more specifically, the Chief Risk Officer, will ensure that Senior Management and the Board are aware of their strict duty to comply with applicable laws and regulations and will report violations of such via appropriate channels to the Audit Committee, external auditors, and Federal regulators. Senior Management and Directors ensure that compliance with applicable laws and regulations receives a high priority and that violations are not knowingly committed by Company employees.

Observing Applicable Laws - The Board of Directors and Management (particularly Executive Officers) are cognizant of the following applicable laws and regulations:

- *Section 18(k) of the Federal Deposit Insurance Act (FDI Act)*– "Authority to Regulate or Prohibit Certain Forms of Benefits to Institution-Affiliated Parties"
- *Part 359 of the FDIC Rules and Regulations* – "Golden Parachutes and Indemnification Payments"
- *Section 39(c) of the FDI Act* – "Compensation Standards"



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- *Section 32 of the FDI Act* – "Agency Disapproval of Directors and Senior Executive Officers of Insured Depository Institutions or Depository Institution Holding Companies"
- *Section 19 of the FDI Act* – "Penalty for Unauthorized Participation by Convicted Individual"
- *Part 349 of the FDIC Rules and Regulations* – "Reports and Public Disclosure of Indebtedness of Executive Officers and Principal Shareholders to a State Nonmember Bank and its Correspondent Banks"
- *Sections 22(g) and 22(h) of the Federal Reserve Act* – "Loans to Executive Officers of Banks and Extensions of Credit to Executive Officers, Directors, and Principal Shareholders of Member Banks"
- *The Federal Reserve Board's Regulation O* – "Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks"
- *Section 337.3 of the FDIC Rules and Regulations* – "Limits on Extensions of Credit to Executive Officers, Directors, and Principal Shareholders of Insured Nonmember Banks"
- *Part 348 of the FDIC Rules and Regulations* – "Management Official Interlocks"
- *Section 7(j) of the FDI Act and the Change in Bank Control Act of 1978*
- *Section 8(e) of the FDI Act* – "Removal and Prohibition Authority "
- *Section 8(g) of the FDI Act* – "Felony Charge Involving Dishonesty or Breach of Trust as Cause for Suspension, Removal, or Prohibition"
- *Section 737 of the Gramm-Leach-Bliley Act* – "Bank Officers and Directors as Officers and Director of Public Utilities"

The Board has received training on the above regulatory requirements and individual Board members have a fiduciary and regulatory responsibility to ensure their own individual educational needs are fulfilled. In addition, specific information regarding any of the above laws and regulations can be obtained by contacting Risk Management and/or through review of Bankers Compliance Group (BCG) reference material available from the Risk Management Department or contact directly through the regulatory agency website.

In addition to the specific banking laws and regulations described above, the Company is subject to rules and regulations of the SEC and NASDAQ. Again, senior management and the Board support compliance with all applicable regulatory requirements as a high priority of the Company.

RELATED POLICIES

The Company has adopted many related policies to provide employees, officers, and directors with specific guidelines on acceptable and unacceptable business practices. These policies are available on the Intranet to all employees. This is



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not intended to be an all inclusive list. Any questions regarding these policies and their applicability/intent are to be directed to the Risk Management Department.

- *AP 101 Audit Policy*
- *CP 101 Compliance Policy*
- *CP 104 Privacy*
- *GC 200 Bank Bribery*
- *GC 204 Record Retention*
- *GP 115 Insider Loans & Regulation O*
- *HC 105 Insider Trading Policy*
- *HC 115 Suspected Improper Activities*
- *HR 100 Personnel Policy & Procedures*
- *IS 100 Information Security Program*
- *RM103 Vendor Management Policy*
- *SE 100 Security Policy*

ADMINISTRATION

It is the responsibility of each staff member to become familiar with the Company's Code of Conduct and Ethics Policy ("Code"). All managers are expected to make every reasonable effort to ensure that their staff understands and complies with all provisions of this policy.

- Executive Management, in conjunction with the Board of Directors and the Audit Committee, shall administer the Policy, determine matters of interpretation and coordinate and publicize changes, if any.
- Employees are required to comply with all applicable government laws, rules, and regulations. Although employees are not expected to know the details of all applicable Laws, they are expected to seek guidance as to compliance regarding questions of interpretation and the applicability of the provisions of this policy and applicable Laws to a particular situation from their supervisor or appropriate management. Supervisors are to seek advice from Human Resources if further clarification is necessary.
- Employees are required to report discoveries of any potential or actual violations of this policy to his or her supervisor. Supervisors are to report claims to Human Resources. Reprisal against reporting such violations is prohibited.

Human Resources is required to report all submissions provided hereunder in a timely manner to the Bank's Audit Committee.

- Waivers of this Code may only be granted by the Audit Committee of the Board of Directors. The Audit Committee will not grant waivers



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except under extraordinary circumstances. Waiver requests should be disclosed in writing, and provided to the Chief Risk Officer. You may be required to agree to conditions before a waiver or a continuing waiver is granted. Any amendment to or grant of a waiver from this Code to a director or executive officer will be promptly disclosed to the extent required by law.

- Any employee of the Bank who becomes aware of actual or potential infractions of this Code or who has concerns regarding questionable accounting or auditing matters involving the Bank or an employee, or Bank policies should submit a report to the Audit Committee. This service is confidential and anonymous. Alternatively, the employee may report suspected infractions in accordance with Policy *HC 115 Suspected Improper Activities*, anonymously. The Company will not permit retaliation against any employee for reports of breaches of this Code made in good faith.
- Any violation of this Code may result in disciplinary action including, but not limited to, suspension or termination of employment; pursuit of any and all remedies available for any damages or harm resulting from a violation, including injunctive relief; and referral of matters to appropriate legal or regulatory authorities for investigation and prosecution.

BUSINESS ETHICS & CONDUCT

In general, the use of good judgment, based on high ethical principles, will guide one with respect to acceptable conduct. Each employee has a responsibility to act in good faith, responsibly, with due care, competence and diligence, without misrepresenting material facts or allowing their independent judgment to be subordinated to their personal interests, and otherwise to conduct themselves in a manner that meets with the Bank's ethical standards and applicable law. If a situation arises where it is difficult to determine the proper course of action, the matter should be discussed openly with a supervisor for advice and consultation, and if necessary, with Human Resources. No employee, officers, and directors may direct or pressure another employee to violate any aspect of this Code or company policies.

Since the Company is federally insured, it operates under strict laws and regulations. Acts of dishonesty committed against the Company by an employee will be investigated. A report may be made to the Federal Bureau of Investigation, U.S. Attorney, and/or local law enforcement authorities, as appropriate. Any resulting prosecution would be under the control of the Federal or Local law enforcement authorities. Compliance with this policy of business ethics and conduct is the responsibility of every staff member of the Company. Employees are further required to cooperate in all related internal examinations or



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investigations. Disregarding or failing to comply with this Code of Conduct and Ethics Policy could lead to disciplinary action, up to and including termination of employment.

CONFLICTS OF INTEREST

Employees¹ have an obligation to conduct business within guidelines that prohibit actual or potential conflicts of interest. Conflict of interest is generally defined as an employee's involvement in outside interests (including second jobs, or business ventures), or situations when an employee has a competing professional or personal obligation, or personal or financial interests, which might either conflict with the employee's duty to the Company, or adversely affect the employee's judgment in the performance of his or her responsibilities. An actual or potential conflict of interest occurs when an employee is in a position to influence a decision that may result in a personal gain for that employee or for a relative as a result of the Company's business dealings. For the purposes of this policy, a relative is any person who is related by blood or marriage, or whose relationship with the employee is similar to that of persons who are related by blood or marriage.

This policy establishes only the framework within which the Company wishes the business to operate. The purpose of these guidelines is to provide general direction to employees on issues related to the subject of acceptable standards of Company operation.

Transactions with Related Persons – a 'related person transaction' is any transaction, arrangement, or relationship, or any series of similar transactions, arrangements, or relationships in which the Company was or is to be a participant, the amount involved exceeds \$120,000, and a 'related person'² had or will have a direct or indirect *material* interest. Employees or Directors that are/will be party to the 'related person transaction' contemplated should discuss such transactions with the Corporate Services Designee as soon as practicable, as such transactions require ratification by the Audit Committee, and in the case of employment compensation, approval by the Compensation Committee.

- 'Related person transaction' is a broad term, and includes, for example, purchase of good/services by/from the related person or entity in which the related person had a material interest, loans to a

¹ For the purpose of the 'Conflict of Interest' section, Directors are subject to any requirements imposed upon 'Employees'.

² 'Related person' includes directors, Executive Officers (i.e. all Section 16 Officers), nominees for director, beneficial owners of more than 5% of a class of our voting stock, and any immediate family member thereof (child, stepchild, parent, spouse, sibling, mother/father/son/daughter/brother/sister-in law or other person sharing the household of such person other than a tenant or employee). Any questions regarding the definition of 'immediate family member' should be directed to the Corporate Services Designee.



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related person/guarantees of a related person's indebtedness, and employment by the Company of a related person.

- Related person transactions does not include the following: loans made by Bank in the ordinary course of its business that are subject to Regulation O "insider loans", which are approved according to the Bank's policies regarding Regulation O; transactions involving provision of services by the Bank as a depository of funds or similar banking services in the ordinary course of business; or compensation to an executive officer that has been reviewed and approved by the Board or a committee thereof (Compensation Committee).

Transactions with Vendors - Transactions with outside vendors/firms must be conducted within a framework established and controlled by the Board of Directors. Business dealings with outside vendors/firms are not to result in unusual gains for those vendors/firms. Unusual gain refers to bribes, product bonuses, special fringe benefits, unusual price breaks, and other windfalls designed to ultimately benefit the employer, the employee, or both. Promotional plans that could be interpreted to involve unusual gain require specific Executive Management approval. No "presumption of guilt" is created by the mere existence of a relationship with outside firms.

Personal gain may result not only in cases where an employee or relative has a significant ownership in a vendors/firms with which the Company does business, but also when an employee or relative receives any kickback, bribe, substantial gift, or special consideration as a result of any transaction or business dealings involving the Company.

Political Contributions – It is Company policy to comply with all applicable Federal and State political campaign laws. Federal law prohibits the Company from making political contributions. To ensure the Company's separation from any political connections, employees are prohibited from using their position at the Company, and/or from misrepresenting the Company's neutral political position, to solicit other employees for political contributions. Use of the Company name, address, property or other resources cannot be used in connection with any political activity.

Loans to a candidate for political office or to a political committee are not prohibited so long as the loan is made in the ordinary course of business and meets the Bank's usual credit criteria and approval procedures for the particular type of loan.

Personal Finances – The personal finances of all Employees should be managed in a manner consistent with employment in a financial institution. Personal



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finances should be managed appropriately to avoid personal embarrassment, as well as embarrassment to the Company. This includes the proper handling of personal checking accounts and prompt payment of personal obligations. Employees are prohibited from acting as an authorized signer on customers' accounts, act as co-renter or otherwise represent customers, unless the customer is a relative. Borrowing money by employees from customers or vendors of the Company is to be limited to recognized financial institutions; all other lending or borrowing from customers or vendors is strictly prohibited. Lending or borrowing between employees is prohibited.

In accordance with Federal regulations, directors and executive officers are required to report to the Board of Directors their indebtedness to the Company and to any other financial institutions and to abide by certain limitations specified. All applicable reporting is done in accordance with Regulation O guidelines, refer to *GP115 Insider Loans & Regulation O* for details. .

Personal Investment Activity - While the Bank does not intend to unreasonably limit staff members in their personal investment activities, it is Bank policy that no staff member enter into investment transactions which would create, or give the appearance of creating, a conflict of interest between the staff member and the Bank or between the Bank and any customer.

Employees are not permitted to buy, sell, trade, or carry securities or commodities on behalf of his or her self or that of relatives or associates that would create a conflict of interest or an obligation in any sense to a dealer, broker, or client. For the purposes of this policy, an associate is: (a) an immediate family member or someone who lives in the same household whom is under one's influence for purchases, sales and trading activities; or (b) an investment account over which the staff member exercises sole investment discretion.

Outside Activities - . The Bank discourages staff members from holding outside employment. In those instances where it is justified, written approval from the Human Resources is required. No outside employment or activity will be approved which might subject the Bank to criticism or which will encroach upon regular working hours, interfere with regular duties, or necessitate such long hours as to affect the employee's productivity.

Individual participation in civic activities is encouraged by the Bank. Normally, voluntary efforts must take place outside of regular business hours. If voluntary efforts require business time, prior approval should be obtained by the employee.

Employees are not to act, without prior written approval of management, as executor, administrator, trustee, guardian or conservator, or in any other fiduciary capacity, whether or not it is related to the business of the Bank. Approval,



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except in unusual cases, will normally be granted to act as fiduciary for a family member.

ACCEPTANCE OF GIFTS

It is important to recognize that federal law makes it a crime for any officer, director or employee of a federally insured bank or bank holding company, directly or indirectly, to ask, solicit, accept, receive or agree to receive anything of value, for himself or for any other person or entity, for or in connection with any transaction or business of the bank. Until recently, this federal law only applied to bribes to procure or attempt to procure a loan. However, the recent amendment to this federal bribery statute eliminates the necessity of showing that the staff member received the payment in exchange for making a loan. The penalty for violating this law is a fine, imprisonment, or both. Any offer of such an improper payment should be immediately reported to the staff member's supervisor.

Officers, employees, their immediate families, agents, or Company attorneys shall not:

1. Solicit for themselves or for a third party (other than the Company itself) anything of value from any customer of the Company, any individual or organization doing or seeking to do business with the Company, or from any other individual or organization based on a banking relationship in return for any business, service or confidential information of the Company, or
2. Accept or retain a benefit, directly or indirectly, anything of value (other than bona fide salary, wages and fees) from anyone in connection with the business of the Company, either before or after a transaction is discussed or consummated.

In this context, a benefit is regarded as any type of gift, gratuity, favor, service, loan, fee or compensation, or anything of monetary value.

Exceptions to this prohibition may be made if there is no, and there appears to be no, reasonable likelihood of improper influence in the employee's performance of duties on behalf of the Company. Examples include:

1. Normal business courtesies, such as a meal, refreshment or entertainment of reasonable value (**under \$300**) involving no more than ordinary amenities of a meeting or other occasion, the purpose of which is to hold bona fide business discussions.
2. Non-cash gifts of reasonable value (**under \$300**) received at holiday time or special occasions, such as a new job, promotion, birthday, wedding, service anniversary, or retirement, which represent expressions of friendship.



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3. Gifts based on kinship, marriage, or social relationships entirely beyond and apart from any business relationship.
4. Unsolicited advertising, or promotional materials, of nominal value, such as pens, calendars, key chains and similar items.
5. Awards given by charitable, educational, civic, or religious organizations for meritorious contributions or service.
6. Loans from other banks or financial institutions on customary terms to finance proper and usual activities, such as a home mortgage or an auto loan, except where prohibited by law.
7. Discounts or rebates on merchandise or services that do not exceed those available to the general public.

Any personal benefit received, other than the exceptions noted above, is to be reported by the employee to his or her supervisor on form *Report of Gift Received, HR-0004*. Supervisors are to consult with Human Resources to determine appropriate action.

DISCLOSING POTENTIAL CONFLICTS OF INTEREST

General - If an employee has any influence on transactions that involve the existence of any actual or potential conflict of interest, it is imperative that he or she disclose it in writing to their supervisor on form *Disclosure of Potential Conflict of Interest, HR-0002* as soon as possible in order to establish safeguards to protect all parties and prevent situations that could lead to implications of corrupt intent or breach of trust and protect the Company from self-dealing. Supervisors are to consult with Human Resources to determine appropriate action. Engaging in potential or actual conflicts of interest could lead to disciplinary action, up to and including termination of employment.

Employees are required to disclose any interest that exists in a non-publicly owned enterprise, or any material interest that exists in a publicly held enterprise, by an employee, relative, or associate, in writing to a supervisor on form *Disclosure of Potential Conflict of Interest, HR-0002*, **if any of the following apply:**

- a. The enterprise is a competitor of the Company.
- b. The enterprise borrows from or has placed securities with the Company and the employee is directly involved in the relationship between the two entities.
- c. Any part of the enterprise is a seller or supplier of securities, goods, or services to the Company and the employee is directly or indirectly involved in the transaction.



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- d. The Company is a seller or supplier of securities, goods, or services to the enterprise and the employee is directly or indirectly involved in the transaction.

A non-publicly owned enterprise is any enterprise that is not a corporation and whose shares are neither listed on a national securities exchange nor are widely held and frequently traded in the over-the-counter market. An interest is considered material if it exceeds 10% of the estimated value of the enterprise's equity securities, or if it exceeds the greater of \$10,000 or 5% of the estimated gross value of the assets of the family group (excluding the value of personal residences and tangible personal property).

Outside Employment – If an employee wishes to pursue a second job, written notification and request must be given to the employee's supervisor on form *Request for Outside Employment, HR-0003* in advance of accepting a second job. Supervisors are to consult with Human Resources to determine appropriate action. Undertaking a second job that creates an actual or potential conflict of interest as defined in this policy without the proper approval or which conflicts with your ability to perform your job at the Company may be grounds for termination. Outside employment at another bank, brokerage firm or financial institution is strictly prohibited.

Outside Activities for which Compensation is Received – If an executive officer wishes to engage in any business-related activity outside the Company in which compensation is received, prior approval by the Board of Directors is required. All other employees are required to obtain approval by their supervisors and Human Resources.

Such compensated affiliations may include but are not limited to: an officer or director position of any corporation, a member of a partnership, or an executor, trustee, guardian or similar fiduciary advisor (other than for a family member). Written requests must include the following: (1) the position you wish to obtain, (2) the name and location of the entity requesting your services, (3) a general description of the business, corporation, partnership or fiduciary activity, (4) a general description of your anticipated duties and allocated time spent performing such duties, and (5) your current job title with the Company and signature.

An outside director shall provide an Annual Disclosure Statement identifying any business-related activity outside the Company in which compensation is received, and any other activities such as directorships or advisory board memberships.

Transactions with Related Persons – as stated above, transactions that may be considered reportable 'transactions with related persons' need to be disclosed to the Corporate Services Designee as soon as possible, to ensure proper review by



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the appropriate Board Committee. If the Corporate Services Designee determines, in such review, that the transaction does not meet the 'related person transaction' definition, the Employee should consider if it otherwise should be disclosed to his/her supervisor on Form *Disclosure of Potential Conflict of Interest, HR-0002* based on the facts and circumstances. Employees should contact their supervisor or Human Resources should any questions arise regarding whether or not their particular situation is reportable.

In addition, Executive Officers (Section 16 Officers) and Directors are required to complete an annual questionnaire in connection with the preparation of the Company's proxy, which requires the disclosure of certain information regarding transactions with related persons. Questions regarding information to be disclosed in connection with this questionnaire are to be directed to the Corporate Services Designee.

CONFIDENTIALITY

Customer Information - Safeguarding the confidential financial information concerning the Bank's customers is essential in maintaining the public trust. It is the policy of the Bank that such confidential information acquired by a staff member through his or her employment must be held in the strictest confidence. Such information is to be held for Bank purposes and not as a basis for personal gain by any staff member. Aside from routine credit inquiries, information regarding a customer may generally only be released to private persons, organizations or governmental bodies that request it with the consent of the customer involved or upon receipt of legal process, such as a subpoena or court order. Confidential customer information should never be discussed with anyone outside the Bank, and only with those within the Bank who have a legitimate business need to know. Confidential customer information should never be discussed in public places, even within the Bank's offices. Employees should be sensitive to the risk of inadvertent disclosure resulting from open doors, speaker phones, cellular phones and when transmitting confidential information by fax or other electronic media.

Information Regarding the Bank - Financial or other information regarding the Bank is not to be released to any outside person or organization unless it has been published in reports to shareholders, or otherwise made available to the public through authorized news releases. All news media inquiries must be referred to the Corporate Services Department. The Bank expects every employee to treat information concerning the Bank and its personnel with the same confidentiality as information concerning customers of the Bank and to observe, with respect to the Bank, the same guidelines set forth in the Paragraph above.



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Material Inside Information - The disclosure of “material inside information” subjects employees, the Bank and third parties to whom the information is communicated to severe penalties under federal and state securities laws. Information is “material” when there is a significant likelihood that a reasonable investor would think the information is important in making an investment decision. Information is “inside” when it has not been disseminated to the public at large. Any staff member possessing such material inside information must not trade in or recommend the purchase or sale of the securities involved until the information is actually disseminated to the public. See below regarding “Insider Trading.”

Lending personnel must not disclose confidential information on existing or proposed loan customers to investment personnel.

INSIDER TRADING

Directors, officers and employees of the Company are entrusted with possession of confidential and highly sensitive information concerning the Company, its clients, other businesses with which the Company has material contractual relationships with, or those with which the Company may be in the process of negotiating material transactions. Each of the aforementioned are considered to be a “Confidential Party.” Information is “material” when there is a significant likelihood that a reasonable investor would think the information is important in making an investment decision. Information is “inside” when it has not been disseminated to the public at large.

Employees may not buy, sell or trade in any stock of the Company or other securities involving the Company’s stock at any time while they possess material nonpublic information concerning the Company. Employees must wait to trade until newly released material information such as quarterly and annual financial reports and/or periodic press releases have been public for at least two (2) full trading days (a trading day is a day in which the stock market is open). Employees who are unsure if information he or she possesses qualifies as material nonpublic information should pre-clear any transactions involving Company stock with the Corporate Services Designee.

Giving non-public information concerning the Company (commonly referred to as “tipping”) to any other person including relatives, making recommendations, or expressing opinions about trading in the Company’s stock is strictly prohibited. Employees are not to trade in the stock of any Confidential Party if he or she has non-public information, regarding the Company or such Confidential Party that was obtained in the course of business and would give them an advantage in trading.



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Refer to the Company's *HC105 Insider Trading Policy* for additional information.

INSIDER TRANSACTIONS

Insider Abuses – All transactions with insiders³ as defined in the insider trading policy) including those transactions that may fall into the category of 'transactions with related persons' must be made on substantially the same terms as those afforded to other Company customers to avoid any potential or actual preferential treatment. The following types of transactions are in violation of this policy:

- Excessive salaries and/or bonuses
- Excessive directors' fees
- Fees paid without benefit to the Company
- Fees paid for services not yet received
- Fees established solely to meet an insider's needs for funds
- Extensions of credit granted on more favorable terms than available to the general public
- Deposits accepted on more favorable terms than available to the general public

Fees Paid to Insiders – Fees paid to insiders must be commensurate with the type, level, quality and value of goods and services provided to the Company by the insider. Fees must directly relate to and be based solely upon the fair market value of goods and services received. Fees are considered reasonable if they are based on cost plus a reasonable profit or the current fair market value of the services. An insider may recover overhead expenses (e.g., salaries and wages, occupancy cost, utilities, payroll taxes, supplies, and advertising) integral to the services provided. Fees paid to an insider are not to exceed the level of fees that would have been paid to an outsider. Documentation of the fair value of all goods and services received from insiders is to be recorded and maintained in the Company's file and made available for inspection by auditors and regulators.

Dividends – The payment of dividends will be subject to the Company's formal dividend policy as approved by the Board of Directors. No dividend will be paid for the purpose of meeting any shareholder's need for income.

Consequences of Unethical Conduct or Breaches of Fiduciary Responsibility – Failure to comply with the terms of this policy will result in disciplinary action, up to and including termination of employment, or cessation of contract services in the case of institution affiliated parties. The Board of Directors will determine

³ For the purposes of this section, the term Insider includes Directors, Executive Officers, principal shareholders and their related interests as defined by Regulation O. Questions regarding this definition should be directed to the Chief Risk Officer or Corporate Services Designee.



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the specific action to be taken after considering the magnitude of the conduct and any breach of trust

MISCELLANEOUS GUIDELINES FOR CONDUCT

Lending Practices - It is the policy of the Bank to maintain prudent lending services to adequately supply the credit needs of its customers. Any rate concessions shall be based solely upon a borrower's creditworthiness and overall business relationship with the Bank.

Employees are not in any way to represent or exercise authority on behalf of the Bank, grant direct or indirect accommodations or make credit recommendations with respect to: members of their families; any individual or organization to which the staff member or his or her immediate family is indebted; or any organization to which the staff member, or his or her immediate family, is associated or in which a material financial interest is held.

Federal law prohibits any director, officer or employee of the Bank from granting any loan or gratuity to any public bank examiner or assistant bank examiner, who examines the Bank or has authority to examine the Bank.

Use of Company Name and Resources – Use of the Company's name or resources for any purpose other than Company business is prohibited

Audits and Investigations – Employees are required to fully cooperate with investigations, reviews and/or audits conducted by Company management, regulatory examiners, internal auditors, external audit firms, or other authorized investigators.

Named in a Customer's Will – Employees may not accept gifts or bequests from customers or vendors of the Company under wills or trust instruments without prior approval from the Board of Directors, unless the item is from a relative. The Board of Directors has the sole discretion to determine if the acceptance of the item is in compliance with this policy, even if the staff member was not aware that the gift or bequest had been provided in the will or trust. Employees are solely responsible for providing his or her own legal assistance and for indemnifying the Company.

Giving Advice to Customers – The Company does not practice in providing legal or tax related advice. Directors, officers and employees are prohibited from communicating anything to customers that could be misinterpreted as the giving of legal or tax advice on behalf of the Company.



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Dealing with Competitors – Employees are required to practice fair and ethical conduct in dealing with the Company’s competitors. The making of disparaging remarks is considered inappropriate and unethical, while the Company’s strategy is to emphasize the quality and competence of our staff and services. Arrangements with competitors to engage in the setting or controlling of rates, prices or marketing policies is strictly prohibited.

Exclusive Dealings and Tying Arrangements – It is prohibited to stipulate the sale of services to a customer upon conditions that other services from the Company must be purchased or that the customer is prohibited from dealing with other suppliers.

Falsifying or Destruction of Reporting – It is prohibited to provide false reports, including security reports. All users in receipt of information about system vulnerabilities must forward this information unchanged. Also, employees should never, under any circumstances:

- a) alter any Bank documents or records;
- b) destroy any Bank documents (either hard copy or electronic versions) in anticipation of a request for those documents;
- c) lie or make any misleading statements to any investigator (this includes routine, and non-routine investigations);
- d) attempt to circumvent to subvert system security measures to obtain information; or
- e) attempt to cause any other Bank employee, or any other person, to fail to provide information to any investigator or to provide any false or misleading information.

Accurate Books and Records – Federal Law, as well as Generally Accepted Accounting Practices (“GAAP”), require books and records to accurately reflect the true nature of the transactions represented. In all of our operations, it is against Bank policy, and illegal, for any employee to cause Bank records to be inaccurate. It is an absolute rule that no Bank employee may create or participate in the creation of any records that are intended to or mislead anyone or conceal anything. No hidden or unrecorded funds or assets may be created or maintained for any purposes.

Corporate Opportunities -. Employees, officers and directors owe a duty to the Bank to advance its legitimate interest when the opportunity to do so arises. Employees, officers and directors are prohibited from (a) taking for themselves personal opportunities that are discovered through the use of corporate property, information or position; (b) using corporate property, information or position for personal gain; and (c) competing with the Bank without the prior consent of the Board of Directors.



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IT & SYSTEM APPLICATION ADMINISTRATOR RESPONSIBILITY

IT staff and Administrators, whether a network, application, database, account management, or infrastructure administrator, are granted permissions which provide them access to highly sensitive information. These individuals are held to a higher degree of ethics. It is required those IT staff and Administrators take reasonable and appropriate steps to see that all hardware and software license agreements are faithfully executed on all systems, networks, and servers for which he or she has responsible; and treat information about and information stored by the Company's users as confidential. IT staff and Administrators are prohibited from:

- a) Using a computer to harm or steal from other people or the Bank assets;
- b) Interfering with other users computer work;
- c) snooping around another users computer files (both electronic and paper);
- d) Using a computer to bear false witness;
- e) Using another users computer resources or password without authorization;
- f) Creating a false user account in order to circumvent auditing or perform false transactions;
- g) Circumventing or attempting to circumvent normal resource limits, logon procedures, and security regulations, including audit and tracking monitoring systems, including deleting event logs or performing inappropriate activity outside out company tracking devices;
- h) Sending fraudulent computer mail, breaking into another user's electronic mailbox, or reading someone else's electronic mail without his or her permission;
- i) Sending any fraudulent electronic transmission, including but not limited to fraudulent requests for confidential information, fraudulent submission of electronic purchase requisitions, and fraudulent electronic authorization of purchase requisitions; or
- j) Reading other users' data, information, files, or programs on a display screen, as printed output, or via electronic means, without the owner's explicit permission.



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ADDITIONAL REQUIREMENTS FOR EXECUTIVE OFFICERS

The Executive Officers of Vineyard Bank and Vineyard National Bancorp (“Executive Officers”) have an obligation to the public, the Bank, and themselves to maintain the highest standards of ethical conduct. Executive Officers are Section 16 Officers, and include the President/Chief Executive Officer, as well as any other officers whose title includes the ‘Chief’ designation and who report directly to the President/Chief Executive Officer. This includes the Chief Financial Officer, Chief Credit Officer, Chief Administrative Officer, Chief Information Officer, Chief Culture Officer, Chief Banking Officer, and Chief Risk Officer (this list is subject to change).

These additional requirements reflect our Corporate Values of Ethics, Respect, Teamwork, Innovation, and Excellence. The Executive Officers are expected to abide by the Code of Conduct and Ethics Policy and all other applicable Company policies and guidelines. Of note, Executive Officers have specific responsibilities in disclosing transactions with related persons, as described below under ‘Conflicts of Interest’.

The Code of Conduct and Ethics Policy provides fundamental principles to which the Executive Officers are expected to adhere and advocate. These principles are designed to deter wrongdoing and to promote:

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- Full, fair, accurate, timely and understandable disclosure in reports and documents that the Bank files with, or submits to, the Securities Exchange Commission (the “SEC”) and in other public communications made by the Company, including bank regulatory filings;
- Compliance with applicable governmental laws, rules and regulations;
- The prompt internal reporting to an appropriate person or persons identified in the Code of violations of the Code; and
- Accountability for adherence to the Code.

Executive Officers will promote fair, accurate, timely, and understandable disclosure in the reports and documents the Company files with or submits to the SEC or Bank regulators. The Bank seeks to provide disclosure to the investment community that is not only in conformity with applicable rules of the SEC, but that also fairly presents to investors the financial condition and results of



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operations of the Bank. Executive Officers shall seek to promote ethical behavior by other Bank officers and employees involved in financial reporting.

Annually each Executive Officer shall certify in writing his or her compliance with this Code of Conduct and Ethics Policy.

DISCLOSURE

All employees are required to complete an *Annual Disclosure Statement, HR-0001*, which requires immediate disclosure of any possible conflict of interest as it relates to the Code of Conduct and Ethics Policy. This form is available on the intranet, and will be sent to all employees for annual certification.

Human Resources is responsible for the administration and certification of the *Annual Disclosure Statement*. This form will also be administered for any occurrence of a material change from the date of the last certification.

In addition, all directors, officers and employees are to maintain complete and accurate records and accounts, and provide timely disclosure in documents filed with or submitted to the SEC or other regulatory agencies. Disclosure of Code of Ethics

If the Bank is an SEC reporting company, the Bank is required to make a copy of its Code of Ethics publicly available. The Bank may accomplish this by filing its Code as an exhibit to its 10-K, 10KSB, 20-F or 40-F. Alternatively the Bank may file a copy of its Code on its internet site provided that the Bank discloses in its annual report that it intends to file the report on its internet site and provides the website address.

Waivers - Any waiver from this Code may be made only with the prior consent of the Chairperson of the Board of Directors or a board committee appointed by the Chairperson. Any material waiver must be promptly disclosed to shareholders via a Form 8-K, if applicable, or the Bank's website.
