

Code of Conduct of Carolina Trust Bank

All officers, directors, and employees perform an important task for Carolina Trust Bank every day. You represent to our customers the Bank's professionalism and integrity. This Code of Conduct is designed to guide you in handling conflict situations on a day-to-day basis.

As a Carolina Trust Bank officer, director, or employee you may sometimes find yourself in uncomfortable situations related to your job. For example, a friend may ask you to help him in obtaining a loan at a preferential rate with Carolina Trust Bank in return for an undisclosed or even unmentioned favor from him; or you may have access to non-public information which you could use for your own personal gain or for which a friend may have use. Clearly you should not let yourself get caught in any of these types of situations and this Code of Conduct is designed to guide you in handling these and other situations. This Code will also help you perform your job without feeling the pressure of indecision when confronted by particular types of situations.

WHEREAS, a company engaged either directly or indirectly in the provision of financial services must have the complete confidence of its customers, the private and governmental institutions with which it transacts business, and the public at large; and

WHEREAS, the guiding policy of a publicly-traded company should be that all its officers and employees abide by the letter and the spirit of all applicable statutes, regulations, rules, orders, and policy statements or other similar provisions that apply to the operation of the company; and

WHEREAS, to merit and maintain the confidence of its customers, shareholders and the investing public, the officers, directors, and employees of a publicly-traded company engaged in the provision of financial services must avoid actions and relationships that conflict with the interests of the company or create the appearance of conflict, it is hereby

RESOLVED that this "Code of Conduct" be and hereby is adopted and approved as the policy of Carolina Trust Bank (the "Company" or the "Bank") concerning the conduct and activities of its officers, directors, and employees.

1) General Statement

As encouraged by the FDIC, all officers, directors, attorneys, employees, or agents of the Company are prohibited from:

- A. Soliciting for themselves or for a third party (other than for the Company itself) anything of value from anyone in return for any business, service or confidential information of the Company and
- B. Accepting anything of value (other than bona fide salary, wages, and fees as referred to in 18 U.S.C. 215(c) from anyone in connection with the business of the Company, either before or after a transaction is discussed or consummated.

2) Senior Officer Responsibilities

All senior officers (the Chief Executive Officer, Chief Financial Officer, principal accounting officer, controller, senior lending officer, and the operations manager or the persons who perform similar functions) shall ensure full, fair, accurate, timely and understandable disclosure in all public reports and documents that the Bank files with, or submits to, the Federal Deposit Insurance Corporation (“FDIC”) and in all communications that the Bank gives to the public.

All senior officers of the Bank are required to act with honesty and integrity in a professional manner that protects the image and reputation of the Bank and should proactively promote ethical behavior by all our employees. A senior officer shall remain free of any influences that may interfere, or give the appearance of interfering, with the independent and objective exercise of his or her judgment on behalf of the Bank.

3) There is no threat of violation of the federal bank bribery law if:

- A. An acceptance is based on a family or personal relationship existing independent of any business of the institution;
- B. The benefit is available to the general public on the same conditions or
- C. The benefit would be paid for by the institution as a reasonable business expense if not paid for by another party.
- D. Acceptance of loans from other banks or financial institutions on customary terms to finance proper and usual activities of company officials, such as home mortgage loans, except where prohibited by law.
- E. Acceptance of anything of reasonable value (defined as not exceeding the IRS Rule of Receipts of \$75.00).
- F. Acceptance of discounts or rebates on merchandise or services that do not exceed those available to other customers.
- G. Acceptance of gifts of reasonable value that are related to commonly recognized events or occasions, such as a promotion, new job, wedding, retirement, holiday or birthday. (The value of which may not exceed \$100.00 per customer or supplier per year.)
- H. Acceptance of civic, charitable educational or religious organization awards for recognition of service. The limit set for this type compensation is \$100.00.

Any gift not defined above or exceeding the above guidelines must have the approval of the Chief Executive Officer of the company. This notification must be completely disclosed to Chief Executive Officer in written form.

4) Unauthorized Activities

When a bank official is offered or receives something of value from a customer beyond what is authorized in the company's written policy, that official must notify the Chief Executive Officer with a full written disclosure. The bank is required to maintain a file on all such activities.

5) Disclosure of Interests

All officers and employees who have a material interest (see the definition of "material interest" below) in any company, corporation, partnership, association, joint venture, pool, syndicate, unincorporated organization, sole proprietorship, trust or estate shall disclose the fact annually to the Internal Audit Department. No report need be made concerning investments and securities allowed as Personal Investments (see above) unless otherwise required for financial statement purposes.

"Material interest" is defined as any interest, whether by ownership or by serving as an officer, trustee, partner or director, or by power of attorney or proxy, or any other type of interest, in any company, corporation, partnership, trust (business or otherwise), association, joint venture, pool, syndicate, sole proprietorship, unincorporated organization or other form of business entity (1) of which you, directly or beneficially, or acting through or in concert with one or more persons, own or have the power to vote or direct the voting of, 5% of more of any class of voting securities or other type of ownership interest, or control in any manner the election of a majority of the directors, or have the power to exercise a controlling influence over the management of policies of any such entities, or (2) that has a fair market value in excess of \$10,000; or any policies or campaign committees that are controlled by you or the funds or services of which will benefit you.

6) Using Position for Personal Gain

Neither officers nor other employees may accept offers, which come to them because of their positions with the Company, to join in a venture, buy a security, or invest in or receive any other real or personal property at terms more favorable than those available to the general public.

7) Outside Employment Compensation

A. As a general rule, the Company does not object to an employee holding a second job during non-scheduled company work hours, provided that the following conditions are complied with:

1. The employee is not on leave of absence.
2. Approval must be obtained from the Chief Executive Officer or the Director of Human Resources. The officer granting approval must have no personal interest in the outside job.

3. The second job does not in any way affect the employee's performance in his/her position with the Company
 4. There is no appearance or possibility of conflict of interest.
 5. The nature of the work is such that it does not adversely reflect upon the employee's primary position as a member of our staff. Any outside employment should uphold the image of the Company and its standing in the community.
 6. Under no circumstances, may an officer, employee or director work for another financial institution.
- B. Compensation received for any service by an officer or employee from any outside source shall be turned over to the Director of Human Resources in the following instances:
1. Whenever the service is performed at the written direction of the Company; or
 2. Whenever the service involves the use of the Company's equipment, supplies, or facilities and/or is performed principally during normal Company working hours, not to include, however, director's fees, honorariums for teaching or speaking on financially related subjects, or fees for jury or other public duty, including military service pay.

8) Outside Business Interest

No officer, director, or employee of the Company with a significant financial interest in a business or who is a director of such business, including the business in which he is principally engaged, shall make or approve on behalf of the Company, or exercise any discretionary authority whatsoever on behalf of the Company, with respect to any transaction or course of dealing between such business and the Company. Specifically, no director of the Company serving as a director of any outside corporation shall vote to approve or disapprove any transaction or course of dealing between the Company and such outside corporation.

9) Outside Directorships and Personal Relationships

- A. The Company recognizes the value to itself, to the individual, and to the outside corporation of having its officers, directors, and employees serve as directors of outside corporations, and has no policy against such directorships where the circumstances are appropriate within regulatory guidelines, and no perceived, real or apparent conflict of interest is involved. If there should be any question as to the propriety of serving as director of any corporation, the matter shall be referred to the CEO of the company for

consideration and, if appropriate, to the Board of Directors of the company for final determination.

- B. No officer, director, or employee serving as a director of an outside corporation (including charity corporations) shall make or approve any loan to that corporation or any purchase from that corporation or shall exercise any discretionary authority whatsoever with respect to any other transaction or course of dealing between that corporation and the Company.
 - C. No officer or employee shall make or approve any loan by the Company to a close relative or cause the Company to make any purchase from a close relative.
 - D. All officers and employees shall be particularly careful and circumspect in making loans to or approving credit for close personal friends.
- 10) Use or Disclosure of Confidential Information: “Insider Trading”

- A. No officer, employee, or director shall seek to derive any personal financial advantages from confidential information relating to the Company or to any of its customers that was obtained by virtue of his position as an officer, employee, or director to any unauthorized person either within or outside the Company. Care must be taken by every officer, employee, or director to avoid any improper use in buying or selling securities of so-called “insider information” or of other confidential information which could affect the market price of the securities.
- B. No officer, employee, or director shall make use of any significant information coming to his attention by virtue of his position with the Company, about the affairs of the Company, or in buying or selling the stock of that corporation, or in advising others to buy or sell such stock, until such information has been made available generally to all stockholders of the corporation.

11) Fiduciary Appointments

An employee or officer should generally decline appointment as a fiduciary or co-fiduciary (executor, administrator, guardian, or trustee), either individually or with a banking affiliate of the Company or another person, firm or corporation, for anyone other than a member of his immediate family.

12) Civic, Charitable, Educational, and Political Activities

All officers and employees are encouraged to take an active part in church, charitable, educational, and civic activities so long as such activities do not impair efficiency in the performance of or conflict with company duties. Any political activity must clearly be that of the individual and in no way imply the representation of the Company. Therefore, the Company’s time, facilities and equipment shall not

be utilized. Candidacy for political office must have the prior approval of the Chief Executive Officer.

13) Enforcement

As in other matters of corporate policy, the Chief Executive Officer (“CEO”) is charged with the responsibility of seeing to the implementation of this Code and to that end may delegate to appropriate officers of the Company duties of reporting and administration.

Senior officers should promote ethical behavior and ensure legal compliance. Senior officers should encourage employees to talk to supervisors or other designated personnel when in doubt about the best course of action in a particular situation. Senior officers should report, and encourage employees to report, violations of this Code to the CEO or the Audit Committee. The Company will not tolerate retaliation for reports made in good faith and senior officers should ensure that employees are aware of that policy.

All employees should initially report any material violation of the Code to the CEO. If appropriate remedial measures or sanctions with respect to the violations are not taken within a reasonable period of time, the violation should be reported to the Chairman of the Audit Committee, or, if remedial measures or sanctions are not then taken, to the full Board. If an employee has reason to believe the CEO has violated the Code, the matter should be initially reported to the Chairman of the Audit Committee.

Violations of the Code are subject to disciplinary action, up to and including termination of employment. Discipline for violations of the Code will be administered in accordance with the Personnel Policy of the Company.

14) Disclosures and Reports

Following are administrative procedures for compliance with this Code:

- A. The company shall maintain a copy of this Code of Conduct and any Modification hereto.
- B. The Company shall require from each officer, director, and employee a written acknowledgement of this Code of Conduct (including any material changes thereto) and each officer, director, and employee’s agreement to comply therewith.
- C. The Company shall maintain contemporaneous written reports of any disclosures made by employees in connection with the Code of Conduct.

15) Penalties for Violations of the Federal Bank Bribery Act

Under either subsection 215(a) or (b), if the item offered or given is greater than \$100.00 in value, the offense is a felony punishable by up to 5 years imprisonment

and/or a fine of \$5,000.00 or three times the value of the bribe or gratuity, whichever is greater. If the thing of value is \$100.00 or less, the offense is a misdemeanor punishable by imprisonment of up to one year and/or a fine of \$1,000.00. It should be noted that under the provisions of the Criminal Fine Enforcement Act of 1984 (P.L. 98-596, October 30, 1984), a higher fine may be imposed for offenses committed after December 31, 1984. Pursuant to 18 U.S.C.e3623, (1) an individual may be fined up to \$250,000 for a felony and up to \$100,000 for a misdemeanor which is punishable by imprisonment up to six months and (2) a corporation may be fined up to \$500,000 for a felony and up to \$100,000 for a misdemeanor.

16) Insider Activities

Company policy is to avoid the existence or appearance of conflicts of interest and breaches of fiduciary duty by insiders. Each executive officer, director, principal shareholder, and each of his or her related interests (as defined in Regulation O) is deemed to be an insider for the purpose of this policy. All insiders are responsible for compliance with the bank's Regulation O policy.

17) Employee's Personal Transactions

As a matter of Company Policy, an employee's personal transactions must always be processed through another employee. Employees are expressly prohibited from processing their own personal transactions or making any type of entries to their personal accounts. To process one's own personal transactions or initiate entries to one's own personal accounts shall constitute grounds for dismissal. Kiting shall constitute grounds for dismissal.

All work normally processed at the teller line shall be processed through a teller and not with the departmental work (unless processed with documented supervisory approval). All employees must report any known or suspected dishonest or fraudulent account activity to the Internal Audit Department.

18) Confidentially

It is company policy that both the financial records of our customers and the relationships between our company and our customers are confidential. No employee shall divulge financial information or records of a customer to anyone outside the company unless part of their specific job function includes the routine handling of such requests pursuant to the applicable law (generally handled by supervisory personnel in the Operations Department). Any request for customer information or records other than routine requests are to be brought to the attention of Internal Audit Department management for evaluation prior to granting such a request.

All employees should ensure that documents containing sensitive customer information are disposed of properly (via shredding) to ensure this information is kept confidential.

19) Sensitive Position Absence Policy

Certain areas of the company may be designated as sensitive positions, requiring employees absence from normal duties and control for two consecutive weeks. Employees so designated by management shall not be allowed to transact or otherwise control, either physically or through electronic access, their assigned duties for a minimum of two consecutive weeks. The employee's daily work shall be processed by another employee during the employee's absence.

The method of absence shall be at the discretion of the employee's supervisor but should, under all circumstances, be of sufficient duration to allow all pending transactions to clear, and to provide for an independent monitoring of the transactions that the absent employee is responsible for initiating or processing. This practice, at the supervisor's discretion can be implemented through either a requirement that the affected employee take vacation or leave, by rotation of assignments in lieu of a required vacation, or a combination of both so the prescribed level of absence is attained. Indirect access must also be controlled by not allowing others to take and carry out instructions from the absent employees.

Any waivers to this policy that are granted should be documented by the employee's supervisor in a memo to the Internal Audit Department. The memo should document the circumstances necessitating the exception.

20) Company Property

All fixed assets, computer hardware, and software purchased by the company and utilized on premises is company property and subject to review by the company in the event of suspicion of violation of company policies or suspicion that an impropriety may have been committed against the company by the employee.

21) Personal Investments

Neither officers, other employees, nor members of their immediate families may invest, directly or indirectly, in the stock or business of a customer, supplier, borrower, or competitor, nor obtain any material interest, without the prior approval of the Board of Directors. An officer or employee and members of his immediate family may invest in shares of publicly traded corporations, provided (1) that such officer or employee does not service the account of such corporation; (2) that the investment does not otherwise violate this Code of Conduct and (3) that the aggregate of shares beneficially owned by such officer or employee and members of his immediate family do not exceed 5% of the outstanding shares of any class of voting securities of such corporation.

22) Individual Behavior

The Company's image and reputation can be no better than the image and reputation of its officers and employees, and the Company expects all of its people to conduct their personal lives in a manner so as not to bring discredit upon the Company. For example, gambling losses constitute a threat to the Company's security. Therefore,

gambling should be limited only to friendly wagers in modest amounts. Of similar concern, the Company requires its officers and employees to have a reputation for wise management of their personal economic affairs. The Company expects its officers and employees to discharge their financial obligations promptly and to avoid debt that exceeds their ability to repay. The Company also encourages its officers and employees to set an example for adherence to sound banking practices by meeting promptly all financial obligations. Overdrafts and similar practices will not be tolerated.

In addition to personal policies and procedures from time to time adopted by the Company, officers and employees are expected to comply with the following guidelines relating to their individual behavior.

(1) Attendance and Attention to Job. Officers and employees are expected to be punctual and reliable in their attendance and to follow all reasonable directions from their supervisor(s). Officers and employees are expected to devote their full attention to the handling of their job duties.

(2) Abusive Language or Actions. The use of profane or abusive language, fighting, or deliberately causing injury to another, and any other form of disorderly conduct or malicious disturbance will not be tolerated by the Company.

(3) Personal Conduct. Officers and employees are expected to refrain from any inappropriate or immoral conduct or behavior that adversely affects the Company's respect, regard, or reputation in the community, whether on or off the Company premises and during or outside of working hours. Unacceptable personal conduct by an officer or employee may result in disciplinary action, up to and including termination (unless otherwise prohibited by law).

(4) Discrimination. The Company's working environment must be free of strained relationships or an intimidating atmosphere due to any prohibited conduct. It is the policy of the Company, from recruitment through employment, job assignment, promotion, retirement, and all phases of the employment relationship, to prohibit discrimination, based on, and to provide equal opportunity at all times without regard to, race, color, religion, national origin, sex, gender, age, disability or handicap, disabled or Vietnam era veteran status, or other legally protected status. The Company also will not discriminate or take adverse action against any individual who is a member or applies to become a member of a uniformed service, performs or applies to perform uniformed service, or has an obligation to perform uniformed service, and will deny such as individual initial employment, reemployment, retention in employment, promotion, or any benefit or employment on the basis of his or her membership, application, or obligation for uniformed service. Harassment, retaliation, coercion, interference, or intimidation, of an employee due to his or her race, color, religion, national origin, sex, gender, age,

disability or handicap, disabled or Vietnam era veteran status, military membership application or obligation, or other legally protected status is strictly forbidden, and any employee who experiences such activity should report it immediately to his or her supervisor. Every employee and supervisory person of the Company is responsible for furthering the implementation of this policy. Equal employment opportunity is a legal, social, and economic necessity for us all.

(5) Harassment. The Company specifically prohibits any form of sexual or other unlawful harassment involving any of its employees in the employment relationship. The Company prohibits any form of sexual or other lawful harassment involving any of its employees in the employment relationship as outlined hereto and made a part of this Code of Conduct. Harassment, retaliation, coercion, interference, or intimidation of any employee due to his or her race, color, religion, national origin, gender, sex, age, disability or handicap, disabled or Vietnam era veteran status, military membership, application or obligation, or other legally protected status, or the legally protected status of an employee's relatives, friends, or associates, is strictly forbidden.

(6) Alcohol and Illegal Drugs. The employees of the Company are its most valuable resource, and their health and safety are of the utmost importance. We believe that all employees have the right to work in a drug and alcohol-free environment, and the Company is committed to maintaining a safe workplace free from the influence of illegal drugs and the misuse of alcohol.

(7) Appearance. A neat appearance and appropriate business dress are the responsibility of each employee. Extremes of any sort should be avoided. It is important that your appearance reflect the professionalism of the Company.

23) Annual Review, Etc.

All managing officers and department heads are responsible for circulating copies of this Code of Conduct and reviewing its contents with their subordinates. Periodically, each officer and employee may be requested to sign and submit the Statement of Material Interests and the Certificate of Compliance attached hereto (please refer to a copy of the Code of Conduct furnished to employees) respectively, as directed by the Board of Directors. Failure to adhere to the policies and other matters specified and covered in this Code of Conduct will be grounds for discipline, up to and including dismissal from employment.

New officers and employees shall be presented a copy of this Code of Conduct as a part of their employment orientation. Prior to the commencement of employment they will be expected to sign and submit to the Human Resources Department the Certificate of Compliance and the Statement of Material Interests.

24) Administration

While this Code of Conduct is not exhaustive, its intent is to provide guidance. Adherence to the Code by all officers, directors, and employees will ensure the maintenance of the high ethical standards towards which the Company strives. From time to time, all of us will be confronted with situations not clearly covered by this Code.

Administration of the Code shall be vested in the Audit Committee. A quorum shall consist of at least three members of the Audit Committee.

Questions concerning interpretation of the Code should be submitted first to the CEO, unless the matter involves the CEO, and then to the Chairman of the Audit Committee. The Audit Committee shall have complete discretion and authority in the interpretation of the Code. The Audit Committee may recommend revisions to the Code as the need arises. The Audit Committee has the right to make exceptions to any provision of the Code, the waiver of which would be in the best interests of the Bank and its officers, employees, shareholders, and customers.

Any change in the Code that applies to the CEO, chief financial officer, principal accounting officer or controller, or the granting of a waiver of any provision of the Code to any such officer, shall be publicly reported within two business days after such change or waiver. Public reporting shall mean disclosure through the filing of a Form 8K with the FDIC.