



Whistleblower Policy & Procedures

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This Policy is maintained by Ellen Casey

Capstone Bank Whistleblower Policy & Procedures

Introduction

It is the policy of Capstone Bank (the “Bank”) that its reported financial information be accurate and complete in all material respects. This policy is to ensure achievement of this goal, encourage proper individual conduct relating to accounting or auditing matters, and provide a means for early detection of problematic situations related to accounting or auditing matters before they have serious consequences.

This policy provides a process for the anonymous submission of suspected wrongdoing (whistleblowing) to any employee of the Bank or of any subsidiary of the Bank, vendor, supplier, by customer, and any other person who have concerns about internal auditing controls or questionable accounting or auditing matters and desires to report these concerns.

Following are procedures for the receipt, retention and treatment of complaints received by the Bank regarding accounting, internal accounting controls or auditing matters, and for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

1. Scope of Matters Covered by These Procedures

These procedures relate to complaints or concerns regarding accounting, internal accounting controls or auditing matters of the Bank (“Complaints”), including, without limitation, the following:

- Fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement of the Bank;
- Fraud or deliberate error in the recording or maintaining of financial records of the Bank;
- Deficiencies in or noncompliance with the Bank’s internal accounting controls;
- Misrepresentations or false statements to or by an officer of the Bank or an accountant regarding a matter contained in the financial records, financial reports or audit reports of the Bank; or
- Deviation from reporting of the Bank’s financial condition as required by applicable laws and regulations.

2. Submission and Receipt of Complaints

All Complaints will be kept confidential to the fullest extent reasonably practicable within the legitimate needs of law and any ensuing evaluation or investigation. The Complaint may, at the discretion of the person submitting the Complaint, be submitted anonymously. Regardless, the Complaint **MUST PROVIDE A MEANS** to respond to the Complaint in order for a response to be submitted.

A person with a Complaint should promptly report it in writing to the Bank's Audit Chairman. Complaints may be submitted:

- By mail. Address the envelope to:
Capstone Bank Compliance Department
Attn. Audit Committee Chairman
2301 University Blvd.
Tuscaloosa, AL 35401
- By inter-office mail. Place the written complaint in an inter-office mail envelope and address it to the attention of the Audit Committee Chairman via Compliance Department.
- By email. bwicks@southeastlogistics.org

Any supervisor or other employee who receives a report of such concerns should refer the information received to the Audit Committee Chairman via one of the methods noted above.

Each Complaint shall be logged on the Whistleblower Tracking Matrix (Attachment A) by the Compliance Officer. This person shall note on the Complaint: the date of receipt, the date the Complaint was listed on the Whistleblower Tracking Matrix, and the date of submission to the Audit Committee Chairman.

3. Complaints

All Complaints shall be submitted, if possible, using "Complaint/Concern Regarding Accounting, Internal Accounting Controls or Auditing Matters" form (Attachment B). To assist the Bank in the response or investigation of a Complaint, the Complaint should be factual rather than speculative, and contain as much specific information as possible to allow for proper assessment of the nature, extent and urgency of the matter that is the subject of the Complaint. It is less likely that the Bank will be able to conduct an investigation based on a Complaint that contains unspecified wrongdoing or broad allegations verifiable evidentiary support. Without limiting the foregoing, the Complaint should, to the extent possible, contain the following information:

- The alleged event, matter or issue that is the subject of the Complaint;
- The name(s) of the person(s) involved;
- If the Complaint involves a specific event or events, the approximate time and location of each event; and
- Any additional information, documentation or other evidence available to support the Complaint.

4. Retention of Complaints

All Complaints shall be kept in a Complaint file under the control of Compliance Officer. The Complaints and the supporting documentation shall be maintained for a period of 5 years.

5. Treatment of Complaints

A copy of all Complaints shall be presented to the Audit Committee at its next regularly scheduled meeting unless the nature of the Complaint dictates otherwise. All Complaints will be reviewed and investigated under the direction of the Audit Committee. The Committee shall designate the Compliance Officer to record the Complaint on the Whistleblower Tracking Matrix and to periodically update the matrix regarding the status of the actions being taken concerning the Complaint. The Complaints will promptly be investigated in a manner that is as discreet as the circumstances reasonably permit.

Normally the Compliance Officer will investigate the complaint; however, the Audit Committee reserves the authority to name another individual to perform an investigation if circumstances make it appropriate to do so. The individual conducting the investigation shall gather such documents and materials and interview such individuals as is reasonably necessary to complete the investigation. The results of any investigation conducted pursuant to this policy shall be reported to the Audit Committee and the Chief Executive Officer of the Bank (unless clearly inappropriate due to the nature of the report). The Audit Committee shall have the authority to, at any time request a briefing regarding any investigation of a Complaint and/or findings regarding a Complaint.

Upon completion of the investigation, the Audit Committee shall review the results and determine the corrective action, if any, to be taken in response to a Complaint and to direct additional investigation of any Complaint. All documents and materials compiled during the investigation shall be retained with the Complaint and handled in accordance with Section 4 of this policy.

At the conclusion, the Audit Committee shall direct a designated person to prepare a written response to the Complaint. Upon completion of the written response, it shall be submitted to the Audit Committee for review and approval prior to sending it to the Complainant. A copy of the response letter shall be maintained with the Complaint and documentation compiled during the investigation. Upon completion of these procedures, the Whistleblower Complaint form and Whistleblower Tracking Matrix will be updated.

6. Confidentiality/Anonymity

Concerns may be reported anonymously, at the employee's option. The Bank shall maintain the confidentiality or anonymity of the person(s) making the Complaint to the fullest extent reasonably practicable within the legitimate needs of law and of any ensuing evaluation or investigation. Legal or business requirements may not allow for complete anonymity. Also, in some cases it may not be possible to proceed with or properly conduct an investigation unless the complainant identifies himself or herself. In general it is less likely that an investigation will be initiated in response to an anonymous Complaint due to the difficulty of interviewing anonymous complainants and evaluating the credibility of their Complaints. In addition, persons making Complaints should be cautioned that their identity might become known for reasons outside the control of the Bank. The identity of other persons subject to or participating in any inquiry or investigation relating to a Complaint shall be maintained in confidence subject to the same limitations.

7. Protections from Retaliation

Retaliation against an individual, who, in good faith, has made a Complaint, disclosed information relating to a Complaint or otherwise participated in an investigation relating to a Complaint, is prohibited regardless of the outcome of the investigation. The Bank shall not discharge, demote, suspend, threaten, harass or in any manner discriminate against an employee in the terms and conditions of employment based upon any lawful actions of such employee with respect to good faith reporting of Complaints or participation in a related investigation. An employee's right to protection from retaliation does not extend immunity for any complicity in the matters that are the subject of the Complaint or an ensuing investigation.

This policy also prohibits deliberately making a false report. This is not meant to discourage or limit the rights of individuals making reports of alleged violations relating to accounting or auditing matters. The Bank recognizes that, in some instances, it may not be possible to determine whether a report is warranted. Employees should not be reluctant to report information because they are uncertain of who will be believed and whether the allegation can be proved.

These procedures are in no way intended to limit the right of employees to report alleged violations relating to accounting or auditing matters to proper governmental and regulatory authorities.

Policy Accessibility

1. Internally.

Employees have access to this policy through the Bank's Intranet. On the right side of the website, is a section titled "Policies & Procedures". Under this section is an item titled "Whistleblower Policy and Procedures". Click on "Whistleblower Policy and Procedures" and the document will appear on the desktop in adobe format. The document includes the form ("Complaint/Concern Regarding Accounting, Internal Accounting Controls or Auditing Matters") necessary to submit a complaint.

2. Externally.

The policy is accessible to anyone through The Capstone Bank's website at www.capstonebankal.com. On the website, look for a copy of the policy which includes the form ("Complaint/Concern Regarding Accounting, Internal Accounting Controls or Auditing Matters") necessary to submit a complaint.

**Capstone Bank
Complaint/Concern Regarding Accounting, Internal Accounting**

General Information (Optional)

Complaint Submitted By: _____
Mailing Address _____
or email: _____
Address (if you wish to receive a response)

Is the person submitting this Complaint an Employee (E); Customer(C); Vendor (V); Shareholder(S); or Other (O)? _____

Complaint

Date of Complaint: _____
Complaint: *(To the extent possible, describe below the alleged event, matter or issue that is the subject of the Complaint, the name(s) of the person(s) involved, the date and location of the event, and, if available, the documentation to support the Complaint.)*

Administrative

Date Received: _____
Audit Committee Chairman Notified: _____
Person Responsible for Investigation: _____
Date Presented to the Audit Committee: _____
Date of Response: _____

Note: All supporting documentation must be attached and filed with this document.

Employee Acknowledgement of Whistleblower Policy

I have read, understand and will comply with the Bank's Whistleblower Policy. I have been given a copy to retain for my reference and I have access to the Policy via the Bank's website and intranet.

Print Name

Signature

Date