

# **BANK HOLDING COMPANY**

## **WHISTLE BLOWING POLICY**

### **OVERVIEW**

BankGuam Holding Company and Bank of Guam (hereafter “Bank”) encourage “whistle blowing”. Also by Bank policy, names of whistleblowers will be kept as confidential as circumstances will permit and the fact that a person has performed a “whistleblower” function will not reflect adversely on that person in any future bank personnel actions. The Bank provides procedures for two different types of whistle-blowing situations: (1) bank financial accounting, internal control matters, financial improprieties and the like; and (2) all other matters that senior management needs to know about.

### **Financial**

Employees from time-to-time become aware of financial accounting shortcomings, internal control weaknesses, financial improprieties, and the like. Matters such as these are reported to the Board’s Audit Committee or Audit Committee chairman. These reports can be submitted anonymously or employees may reveal their names; this is a matter left to the choice of each employee. If the reporting person’s name is revealed or somehow becomes known, the Audit Committee chairman will keep the name as confidential as the facts and circumstances will permit. (Important: The Audit Committee chairman is the person who receives all employee reports of financial improprieties that could potentially involve one or more board members, the CEO, other senior officers, or one or more principal shareholders.)

Alternatively, financial matters (accounting system shortcomings, internal control weaknesses, items not being audited that should be, and the like) that do not involve directors or senior officer improprieties should be reported to the Bank’s internal auditor. This can be a verbal report or it can be submitted anonymously. If the reporting person’s name is revealed or becomes known, the auditor will keep the name as confidential as the circumstances will permit.

There is also a third option: If deemed prudent by an employee, information regarding financial matters that need further investigation can be reported to the CPA firm that conducts the Bank’s annual external audit. The current CPA firm is Baker Tilly US, LLP, 3655 Nobel Dr; Ste 300, San Diego, CA 92122. Their contact number is 1-858-597-4100.

**All Other Items** If a Bank employee is aware of something that needs to be brought to the attention of senior management and the above paragraphs do not apply, that employee should take up the matter directly with the CEO.

### **PROCEDURE FOR RECEIVING COMPLAINTS**

Bank of Guam employees with concerns or complaints regarding matters covered by the Audit Committee Whistleblower Policy may report such concerns or complaints through the Bank’s Ethics hotline, e-mail, or regular mail. Concerns and complaints received through these means shall be forwarded to the Vice President/Audit Manager.

Hotline – 1-671-472-5126

E-mail – joy.erot @bankofguam.com

Regular Mail - Bank of Guam, ATTN: Vice President/Audit Manager

111 Chalan Santo Papa, Hagatna, Guam 96932

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The Senior Vice President/General Counsel & Chief Risk Officer shall notify the Vice President/Audit Manager of any report submitted by a Bank attorney pursuant to the SEC rules of attorney conduct that includes evidence of a material violation of state or federal securities laws, a material breach of fiduciary duty or similar material violation of any federal or state law ("Attorney Reports").

### **SCOPE OF MATTERS COVERED BY THESE PROCEDURES**

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 and maintaining of financial records of the Bank;

Deficiencies in noncompliance with the Bank's internal accounting controls;

Misrepresentation or false statement to or by a senior officer or accountant regarding a matter contained in the financial records, financial reports or audit reports of the Bank;

Deviation from full and fair reporting of the Bank's financial condition;

Mail fraud, wire fraud, bank fraud, securities fraud, violation of any SEC and/or FDIC rule or regulation or violation of any federal law relating to fraud against shareholders; and,

Attorney Reports

### **PROCEDURE FOR HANDLING COMPLAINTS**

#### **Receipt of a Complaint**

Upon receipt of a complaint, the Vice President/Audit Manager will forward a copy of the complaint to the Bank of Guam's General Counsel and when possible, acknowledge receipt of the complaint to the sender. (Considering that most complaints will be anonymous, it is understood that such acknowledgment may not be possible in most cases.) The Vice President/Audit Manager and Senior Vice President/General Counsel & Chief Risk Officer will verify that the complaint actually pertains to a matter covered by these procedures and develop a recommended strategy for the investigation of the complaint.

### **AUDIT COMMITTEE OVERSIGHT**

The Vice President/Audit Manager will promptly report all complaints relating to material matters covered by these procedures and the recommended strategy for investigating the complaint to the Chairman of the Audit Committee (Chairman). The Chairman shall provide direction and oversight to the Vice President/Audit Manager, General Counsel & Chief Risk Officer or such other person as the Chairman shall deem appropriate to conduct the investigation.

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### **Confidentiality**

Confidentiality will be maintained to the fullest extent possible, consistent with the need to conduct an adequate review.

### **Corrective Action**

Prompt and appropriate corrective action will be taken as warranted in the judgment of the Audit Committee.

### **Procedure Prohibiting Retaliation**

In compliance with Section 806 of the Sarbanes-Oxley Act of 2002, the Company will not discharge, demote, suspend, threaten, harass or in any manner discriminate against any employee in the terms and conditions of his/her employment based upon the lawful action of any such employee with respect to good faith reporting of a matter covered by these procedures.

### **REPORTING AND RETENTION OF COMPLAINTS AND INVESTIGATIONS**

The Vice President/Audit Manager will maintain records of all complaints covered by these procedures, tracking their receipt, investigation and resolution and shall prepare a periodic report to the Audit Committee until the matter has been resolved to the satisfaction of the Audit Committee. Copies of all complaints and investigation records will be maintained in accordance with the Bank's document retention policy.

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