

**Consumers National Bank**  
**Whistleblower Policy**

**WHISTLEBLOWER POLICY**

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## **POLICY OVERVIEW**

### **Statement of Purpose**

The Audit Committee of the Board of Directors of Consumers Bancorp, Inc. (“CNB” or the Company) is committed to the highest possible standards of openness, honesty, and accountability. In line with that commitment, every employee of CNB is encouraged to convey any concerns they may have regarding the financial reporting, stability of operations, or functioning of internal controls to any level of the organizational structure, including the Board of Directors, with complete comfort and confidence. The purpose of this policy is to set forth CNB’s policy on employee disclosure of misconduct and to protect employees from retaliation in the form of adverse personnel action for doing so.

Normally any concern about a workplace situation should be raised with the employee’s immediate supervisor or department manager. It is recognized, however, that there may be occasions where the use of the normal chain of command may not be appropriate. Persons may believe their concerns: (1) are overly sensitive; (2) are not receiving appropriate attention; (3) are of particular significance; (4) the person may be sufficiently uncomfortable such that it warrants the use of another, confidential reporting channel, (5) or the concern falls under the definitions of suspicious or fraudulent activity or incident.

In such cases, any person may make a confidential report to the designated member of the Audit Committee who will process any concerns in a confidential and anonymous manner, where the incident will be investigated by the Internal Auditor. The designated member of the Audit Committee may also call on the Information Technology Security Officer to assist in the investigation. All such concerns will be fully investigated and the results of the investigation reported to the Audit Committee.

### **Scope of Policy**

This policy is applicable to all employees of CNB its subsidiaries and/or affiliates. It should be emphasized that this policy is intended to assist employees who believe they have discovered financial reporting errors or lapses in ethical responses to known issues, fraudulent activity or incidents, or human resources complaints. Instances might include:

- Fraud or fraudulent financial reporting
- Failure to comply with legal obligations
- Dangers to health and safety of employees
- Criminal activity including fraud and embezzlement
- Attempts to conceal any of the above

This policy is not intended to question financial or business decisions taken by the corporation or its management, nor is it generally intended to be used to reconsider any matters, which have already been addressed under harassment or disciplinary procedures. Other policies and procedures are in place for grievances, discipline, harassment and personnel matters of that nature; however the procedures outlined in this policy are available to any CNB employee who wishes to make a good faith disclosure of an incident of unresolved gross misconduct and/or a lapse of ethical behavior.

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## COMPLAINT HANDLING PROCESS

### Disclosure of Misconduct

Any employee may contact a member of the Audit Committee if they believe they have information regarding misconduct. For confidentiality purposes, it is recommended contact be made by phone or mail. The contact information of the designated member of the Audit Committee is as follows:

- Frank Paden Audit Committee member  
Personal and Confidential

Employees should disclose all relevant information regarding the alleged misconduct such as the nature of the misconduct, person(s) or department(s) involved, account(s) involved, date(s) of occurrence(s), etc. Employees are encouraged to include their name and contact information in their disclosure; however anonymous reports also receive a full inquiry to the extent that is possible based on the information provided. In addition, possible securities law violations can also be reported directly to the SEC or other regulatory authority.

### Confidentiality

Individuals who raise concerns of misconduct with the designated member of the Audit Committee will not have their identity disclosed without their prior consent. It must be recognized, however, that in some situations the investigation process may not be complete unless the source of the information and a statement by the individual is produced as part of the process.

### Safeguards Against Retaliation

No disciplinary or retaliatory action shall be taken against an employee as a result of raising concerns of misconduct. Prohibited disciplinary or retaliatory actions include:

- Removal or suspension
- Withholding a salary increase or benefits to which the reporting employee would have otherwise been entitled
- Transferring or reassigning the employee, except on the written request of such employee
- Denying a promotion which the employee would otherwise have received
- Reducing the employee's pay, position, or title

If, however, an investigation shows that an individual has made malicious or vexatious allegations, and particularly if he or she persists in making them, disciplinary action may be taken against the individual concerned.

### Response Plan

Upon receipt of a complaint, the Chairman of the Audit Committee will (i) determine whether the complaint actually pertains to accounting or other relevant matters and (ii) when possible, acknowledge receipt of the complaint to the sender.

The Internal Auditor is responsible for overseeing the investigation; and for contacting other individuals with the required knowledge and expertise to perform an effective investigation. Individuals that may be contacted for assistance may include, but are not limited to, any of the following:

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- Chief Risk & Compliance Officer
- President/Chief Executive Officer
- Chairman of the Board
- Human Resource Director
- Information Technology Security Officer
- Physical Security Officer
- External Auditor

### Investigation Results

Once the investigation has been concluded, the results will be documented and reported to the Audit Committee of the Board of Directors. If the investigation confirms the disclosure of misconduct, the Audit Committee, in consultation with Legal Counsel, the President/CEO and the Human Resource Director, will discuss and determine the appropriate disciplinary action.

The investigation plan, supporting documentation, individuals that assisted the investigation, results, recommended actions as a result of the investigation, and a summary of the case signed by the Internal Auditor and the Information Technology Security Officer will be included in each case file. Additionally, the Audit Committee of the Board of Directors meeting minutes should reflect the reporting of all cases of misconduct received and the approval of actions taken regarding the disclosure of misconduct.

The Company will not discharge, demote, suspend, threaten, harass or in any manner discriminate against any employee in the terms and conditions of employment based upon any lawful actions of such employee with respect to good faith reporting of complaints related to gross misconduct and/or accounting matters or otherwise as specified in Section 806 of the Sarbanes-Oxley Act of 2002, as well as other regulatory issuances and updates.

## RISK IDENTIFICATION & THE CONTROL ENVIRONMENT

### Review of Policy

The board of directors, or its designee, shall approve this policy at least annually, making such revisions and amendments as it deems appropriate. New employee orientation provided to all personnel will include a discussion of pertinent policy objectives and expectations. In addition, all officers, directors and employees will be asked to review and sign policy certifications/acknowledgements (see *Appendix A*), at their time of hire and they will recertify their acceptance of this policy annually thereafter. Certifications will be maintained by the Human Resource Department as appropriate for future reference, and the Compliance Department may reference these certifications from time-to-time as part of the compliance monitoring process.

### Management Oversight/Authority & Responsibility

The Human Resource Department working under the direction of the Corporate Governance Committee is responsible for the development, implementation and oversight of this policy and the procedures which support it as outlined above; however, compliance with this policy is the shared responsibility of every CNB employee, and all will be held accountable for protecting the Company's reputation from damage which could be caused by a failure to abide by the provisions outlined herein.

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### **Training & Employee Awareness**

Training relative to Whistleblower Policy requirements, internal control objectives, and assigned responsibilities is achieved through the cooperative effort of the Human Resource Department, Compliance/Risk Department and Department/Branch Managers, who are responsible for incorporating these objectives into routine procedures and department controls.

This Whistleblower Policy shall be presented to every new employee as part of the Human Resources Department's new employee orientation. The person conducting the orientation session shall provide the new employee with a brief explanation of the Whistleblower Policy and its importance and shall answer any questions regarding the policy.

If the Whistleblower Policy has been substantively amended relative to policy direction or intent, the Human Resources Department shall provide each employee with an updated version of the policy, and the employee will recertify the policy to acknowledge the changes.

### **Monitoring & Independent Reviews**

Internal Audit will periodically test compliance with this Whistleblower Policy based upon a schedule approved by the Audit Committee.

### **Record Retention**

Original and revised copies of the Whistleblower Policy will be kept on file in the Human Resource Department along with all related certification forms. Board approved copies of this policy will be contained on the electronic policy database accessible by all employees, and within the Compliance Department.

Case files will be retained for 7 years or as tied to Audit Committee minute retention.