

For Directors, Officers and Employees

I. Introduction

Bay National Corporation and Bay National Bank (individually and collectively, the “Company”) strive to ensure that all of its directors, officers and employees act with honesty, integrity and fairness in their capacities as directors, officers or employees of the Company. When fulfilling their duties and responsibilities in their positions with the Company, such persons shall always operate under the guidelines provided by this Code of Conduct (the “Code”).

The Company recognizes that the actions of its directors, officers and employees can affect the Company’s customers, shareholders and business partners. The Company expects that its directors, officers and employees will always conduct themselves in a manner consistent with the highest standards of honesty, integrity and fairness when carrying out their responsibilities to the Company.

Depending upon a person’s particular position with the Company, some of the provisions of this Code will not be applicable to every person. Directors, officers and employees should be aware that other Company codes of conduct or ethics, as well as applicable laws, rules and regulations, may govern their actions in addition to this Code of Conduct (this “Code”).

All directors, officers and employees shall familiarize themselves with this Code and shall direct any questions regarding the Code to one of their supervisors. Upon your receipt of this code, and also from time to time as we deem necessary, we may require you to sign an acknowledgement confirming that you have read and understand the Code and agree to comply with its provisions. We reserve the right to monitor your continuing compliance with the provisions of this Code and to investigate any suspected violations.

You should address any questions about the Code or its application to your immediate supervisor or an appropriate member of management.

II. Ethical Conduct

In fulfilling their duties to the Company, all directors, officers and employees shall, at all times, within the scope of their duties: (i) conduct themselves honestly and ethically, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships, (ii) ensure full, fair, accurate, timely and understandable disclosure in the Company’s communications to the public and reports and other documents that are filed with or submitted to the Securities and Exchange Commission (“SEC”) within the scope of their position, (iii) promptly report violations of this Code to the appropriate person identified in this code, (iv) maintain confidentiality with respect to information learned during the course of employment, (v) act responsibly when using the Company’s assets or other resources, (vi) hold themselves accountable for adherence to this Code and (vii) maintain complete and accurate business records, within the scope of their position, and (viii) comply with and ensure the Company’s compliance with all applicable federal, state and local rules and regulations. Please also refer to the Company’s Employee Handbook, which discusses ethical conduct.

III. Conflicts of Interest

A conflict of interest arises when a person's private, personal interests interfere, or even just appear to interfere, with the interests of the Company. A conflict of interest may also arise if you take action or have personal interests that make it difficult for you to effectively perform your duties to the Company. Further, you should not take any action that directly benefits you or a third party if that action is inconsistent with the interests of the Company.

When faced with a potential conflict of interest, you should ask yourself whether a reasonable, objective observer would believe that the interests of the Company conflict with your interests. As soon as reasonably possible, you must report any transaction that could reasonably result in a conflict of interest to your supervisor or the Chair of the Audit Committee of the Board of Directors, and must obtain written approval from such person before taking part in the transaction.

Examples of situations that may create a conflict of interest include: (i) conducting business on behalf of the Company on the basis of friendship, family connections or gift giving, (ii) making a personal, monetary investment that might affect your ability to make objective business judgments, (iii) accepting employment or a directorship position with another bank or company doing business with the company and (iv) causing the Company to conduct business with a company with which you have an interest or from which you may derive a benefit.

At all times, you should avoid relationships that interfere with (or may interfere with) your ability to act independently, objectively and in the best interests of the Company. Please also refer to the Company's Employee Handbook, which discusses conflicts of interest.

A. Gifts

You should not accept gifts or awards from another company or person related to your service to the Company without first receiving permission from your supervisor or an appropriate member of the Company's management. You should be aware that receiving gifts from customers and vendors can potentially create the appearance of impropriety. You may never accept gifts or awards as an inducement to provide services or products. Modest gifts and/or reasonable entertainment may be accepted if consistent with general and accepted business practice.

B. Corporate Opportunity

You may not personally take advantage of an opportunity that the Company could take advantage of, nor shall you take advantage for yourself personally of an opportunity discovered through your position with the Company. You may not compete with the Company or use the Company's property or information for your own personal gain.

IV. Books and Records

You must keep detailed, timely and accurate books, records and accounts of all Company transactions that you are responsible for recording. If you are responsible for creating and maintaining Company financial and other business records, you must do so in accordance with generally accepted accounting principles and/or applicable legal requirements and ensure that such records accurately reflect and are a fair presentation of the activity they record. Misleading, false or deceptive entries shall not be made for any reason. If you become aware of any omission, inaccuracy or falsification regarding the Company's financial or other business records or the information supporting such records, bring the situation to the attention of your supervisor or an appropriate member of management.

V. Corporate Communications and SEC Reporting

It is the Company's policy to make full, fair, accurate, timely and understandable public disclosure of all information relating to the Company as required by law, SEC, Nasdaq or other rules and regulations, and/or business policy. It is further the Company's policy to comply with all securities and other laws that prohibit "selective disclosure," including SEC Regulation Fair Disclosure ("Regulation FD"). In order to ensure that all disclosure of information relating to the Company, including financial performance, material contracts and other information that may be material to investors, regulators, and the general public, is accurate and in full compliance with applicable laws and regulations, all such disclosures will be made only through established channels. Unless you have been expressly authorized to do so, you may not discuss Company business with securities analysts, media representatives, investors, government officials, pension plan or similar fund administrators or other outside persons. If you are contacted by any such persons about the Company, you should refer them to the President and/or Chief Financial Officer.

When called upon to do so, you shall provide the information necessary to complete public reports completely and fairly and in accordance with applicable regulations.

VI. Compliance with Laws and Procedures

At all times, you shall comply with applicable laws, rules, regulations and Company procedures. You are responsible for knowing the laws, rules, regulations and procedures that apply to your particular position with the Company. You should discuss any questions or concerns regarding this matter with your supervisor or an appropriate member of the Company's management.

A. Banking Laws

You must at all times, within the scope of your duties, comply with laws, rules and regulations applicable to national banks.

B. Insider Trading

Directors, officers and employees are prohibited from trading in the Company's securities while in possession of material, non-public information. You are required at all times to comply with the Company's insider trading policy.

C. Unfair Competition

You shall always act honestly and ethically. The Company strives to succeed through the outstanding performance of its employees, and never by taking part in dishonest or unethical actions. You shall never deceive or manipulate others, misrepresent material facts or take part in any other type of unfair dealing. These fairness principles apply to your interactions with customers, competitors, business associates and fellow employees.

D. Political Activities

The Company may not require you to contribute to or support a particular political group or candidate. As an employee of the Company, you have the right to participate in the political process; however, you must do so as an individual and not as a representative of the Company. You may not participate in political activities while in the workplace, make any political contribution in the Company's name or on its behalf without prior written approval of the Chief Compliance Officer, nor may you use the Company's time, property or equipment for political purposes without management's approval.

E. Equal Employment Opportunity; Discrimination

It is Company policy, in compliance with applicable federal, state and local laws, to recruit, hire, promote, transfer, assign job responsibilities, demote and terminate employees in compliance with all applicable equal opportunity and anti-discrimination laws and without regard to race, color, religion, ancestry, age, national origin, place of birth, gender, sexual orientation, disability or any other category protected by Federal, state or local law.

F. Harassment

The Company strictly prohibits sexual harassment or any other form of harassment or intimidation and will comply with all state, local and federal laws regarding harassment in the workplace. This includes harassment or intimidation directed by or toward fellow co-workers, supervisors, customers or vendors. The Company will not tolerate any type of harassment or discrimination, including harassment or discrimination based upon an individual's race, gender, color, religion, sexual orientation or other trait or characteristic.

If you believe that you or any other person has been the target of sexual or other unlawful harassment or discrimination, you should report such conduct immediately to your supervisor or to the Company's management. The Company will promptly investigate the allegations and take appropriate remedial action to end any harassment or discrimination that may have occurred. All complaints will be kept confidential to the maximum extent possible. The Company will not retaliate against any employee who reports allegations of unlawful harassment or who participates in the investigation of such allegations.

If you believe that you or any other person has been the target of sexual or other unlawful harassment or discrimination by management, you should report such conduct immediately to the Chairman of the Audit Committee.

G. Drug-Free Environment

It is the Company's intent to create a work environment that is free from the effects of substance abuse. You shall not be under the influence of any substance including drugs, legal or illegal, that adversely affects your ability to perform your duties in any way. The use of such substances can have a harmful effect on your health and/or create a dangerous work environment for you and your co-workers.

VII. Confidentiality

You shall respect the confidentiality of all information entrusted to you by the Company and its customers and other business partners and shall not such disclose confidential information to anyone except when necessary and appropriate in the course of fulfilling your responsibilities to the Company or otherwise legally required. You shall endeavor to avoid inadvertent disclosure of confidential information by not discussing confidential information when you could be overheard, such as in hallways and on speaker-phones, or otherwise in the presence of unauthorized persons. The Company's privacy policy and guide to information security also address your responsibilities with respect to confidentiality.

VIII. Use of Company Equipment

Telephones (including cellular phones), computers, the electronic mail system (e-mail), the Internet and other equipment provided by the Company are property of the Company and should be used for business purposes. However, the Company acknowledges that employees may have the need or desire to use Company equipment for personal reasons from time-to-time. You may use Company equipment for personal use, provided that the use of Company equipment does not interfere with the performance of your duties to the Company or the Company's business needs or becomes excessive. Your use of Company equipment, including e-mail and the Internet, will be monitored. If you abuse the privilege of using Company equipment, you will be disciplined accordingly, up to and including termination of employment. Below are some additional conditions that concern the use of the Internet and e-mail:

Employees are prohibited from visiting websites or circulating e-mail that contain the following content: pornography; hate group content; casinos; or day-trading activities. In addition, there is to be no display, downloading or other transmission of material that is discriminatory, defamatory, harassing, disruptive or pornographic. In using the Company's computer system, including e-mail and the Internet, employees must not disclose confidential material or violate copyright law.

In addition, you should report to your supervisor any destruction or misuse of Company property. Please also refer to the Company's microcomputer/network systems policy and information technology policy.

IX. Reporting and Investigation

If you become aware of any violation or potential violation of this Code, whether by you or by someone else, you must immediately report such violation or potential violation to your immediate supervisor. If you do not feel comfortable discussing the matter with your supervisor or feel that he or she has not taken appropriate action, you may make such reports to an Executive Officer. Supervisory personnel who receive such reports should report them to the Chief Compliance Officer, who will pass along all reports of violations or potential violations of the Code to the Chair of the Audit Committee, who is responsible for presenting information relating to any potential violations to the Board of Directors.

No disciplinary or other retaliatory action will be taken against any person as a result of making a good faith report of any violations or suspected violations of the Code, even if the report turns out to be an error. Any such retaliatory conduct is a violation of the Code. Failure to report a known violation of the Code, however, is itself a violation and may result in disciplinary action as discussed below.

We will keep all complaints confidential to the maximum extent possible. In addition, the Company's Whistleblower Policy provides a means for employees to make confidential, anonymous complaints with respect to the Company's corporate reporting, accounting, internal accounting controls, auditing and financial disclosure matters, including all applicable SEC and securities-related laws, rules and regulations.

The Board of Directors or a committee thereof shall promptly investigate the potential violations. On a case-by-case basis, the Board of Directors shall determine and use the investigative methods that are most likely to result in a fair and accurate decision as to whether a violation has occurred.

X. Amendment & Waiver

This Code may only be amended by the Board of Directors of the Company. Waivers of the Code must be made in writing and may only be granted by the Board of Directors, or, for other than executive officers and directors of the Company, by a committee or individual who has been authorized by the Board of Directors to grant a waiver. The Company will adhere to applicable disclosure laws and regulations if there is a waiver or amendment of any of the provisions of the Code.

XI. Accountability

Violators of this Code will be subject to appropriate disciplinary action, up to and including termination.

XII. Important Disclaimers

This Code is not intended to address every conceivable kind of business practice and behavior and, of necessity, cannot address every law or other rule and regulation applicable to the Company or every specific situation in which we may find it appropriate to take disciplinary action. However, the Code is intended to reflect general principles to guide you in making ethical decisions and complying with rules and regulations applicable to the Company. This Code is not intended to create any contract (express or implied) with you, including without limitation any employment contract, or to constitute any promise that your employment will not be terminated except for cause.