

Board of Directors Code of Ethics and Conduct

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It is the policy of Sun that certain rules and guidelines regarding director behavior are necessary for efficient business operations and for the benefit of all directors. All Sun directors will be held accountable for adherence to this Code of Ethics and Conduct. The Directors Code of Ethics and Conduct shall be re-affirmed by each director on an annual basis.





Board of Directors Code of Ethics and Conduct

The term “Sun”, or the “Company”, as used in this Code of Ethics and Conduct refers to Sun Bancorp Inc. and each of its direct and remote subsidiaries and affiliates, either alone or as a group. It is the policy of Sun that certain rules and guidelines regarding director behavior are necessary for efficient business operations and for the benefit of all directors. Conduct that unlawfully interferes with operations, or prevents others from effectively performing their director responsibilities, will not be tolerated. All Sun directors will be held accountable for adherence to this Code of Ethics and Conduct. Violations of this Code of Ethics and Conduct should be reported immediately to the Chief Administrative Officer.

Sun is committed to conducting business according to the highest ethical standards. One of our basic values is integrity. Sun has developed this Code of Ethics and Conduct to help the directors understand their commitment and to achieve this goal. Accordingly, the goals of this document are among other things, intended (i) to deter wrong doing and to promote honest and ethical conduct by all directors of Sun (ii) to promote full, fair accurate and timely disclosure in documents and reports Sun files with the Office of the Comptroller of the Currency, the Securities and Exchange Commission and in other public communications; and (iii) to promote compliance with all applicable governmental laws, rules and regulations.

Non-Discrimination

Sun values diversity among its employees and directors. Each day, our employees and directors are not only expected to avoid discrimination in their relationships with each other and with customers and suppliers, but to encourage others to behave in the same manner. Nominations and appointments to the Board and/or a Board Committee will be considered on the basis of merit regardless of race, creed, religion, color, national origin, ancestry, age, sex, pregnancy, affectional or sexual orientation, gender identity or expression, marital status, Civil Unions, familial status, domestic partnership, atypical hereditary cellular or blood trait, disability (including AIDS and HIV infection), genetic information, liability for service in the United States armed forces or any other characteristic protected under applicable federal, state, or local law. In addition, Sun strives to assure freedom from harassment for all its employees and directors.

Anti-Discrimination/Harassment

The Bank is committed to maintaining a safe, harassment-free and discrimination-free work environment in which directors and employees at all levels of the Company are able to devote their full attention and best efforts to their jobs. Harassment, discrimination, or like conduct, whether intentional or unintentional, has no place in our culture at Sun. Accordingly, the Company does not authorize and will not tolerate any form of harassment, discrimination, or other like conduct by any director or employee, whether supervisory or non-supervisory. This policy applies to conduct occurring in, but not limited to the Company’s primary locations and

any work-related setting outside of the office including business trips, business meetings, and/or business-related social events.

It is the Company's policy to prohibit harassment of a director or employee by another director or employee, management representative, or business invitee including, but not limited to, harassment on the basis of race, sex, color, creed, religion, national origin, nationality, ancestry, age, disability, marital status, familial status veteran status, uniform service member status, liability for service in the Armed Forces of the United States citizenship status, nationality alienage, affectional or sexual orientation/identity, domestic partnership status, civil union status, gender identity or expression, genetic information, or carrier status in accordance with all applicable laws, directives and regulations of federal, state and city entities or any other characteristic protected by law. While it is not easy to define precisely what harassment is, it certainly includes slurs, epithets, threats, derogatory comments, unwelcome jokes, teasing, and other similar verbal or physical conduct.

Any director who feels that he or she has witnessed or been subjected to such harassment should immediately report the matter to Michele Estep, Chief Administrative Officer. If you have not received a satisfactory response within seven (7) days of reporting the matter, you should report the matter to Patricia Schaubeck, General Counsel.

For the Company to be able to remedy alleged harassment, it is imperative that claims be brought to the attention of management. Failure to report claims of harassment hampers the Company's ability to take necessary steps to remedy such situations. Violations of this policy will not be permitted and may result in disciplinary action up to and including discharge.

All reports of harassment will be thoroughly and discreetly investigated by members of executive management that are not involved in the alleged harassment.

It is Company policy to prohibit harassment of any director or employee by any director, executive, supervisor, employee or visitor on the basis of sex or gender. The purpose of this policy is not to regulate personal morality within the Company. It is to ensure that at our Company all directors and employees are free from harassment on the basis of sex or gender. Examples of prohibited behavior include unwelcome sexual advances, requests for sexual favors, and other conduct of a sexual nature, such as uninvited touching of a sexual nature or sexually-related comments, pictures or communications. Depending upon the circumstances, harassment can also include unwelcome joking, teasing or other conduct directed toward a person because of his or her gender which is sufficiently severe or pervasive to create an unprofessional and hostile working environment.

Anyone who feels that he or she has witnessed or been subjected to sexual harassment should immediately report the matter to Michele Estep, Chief Administrative Officer. If you have not received a satisfactory response within seven (7) days of reporting the matter, you should report the matter to Patricia Schaubeck, General Counsel.

Every report of perceived harassment will be fully investigated and corrective action will be taken where appropriate. Violation of this policy will result in disciplinary action, up to and

including discharge of the harasser. In addition, the Company will not allow any form of retaliation against individuals who report unwelcome conduct to management or who cooperate in the investigation of such reports in accordance with this policy.

Anti-Retaliation/Whistleblower

Sun bans retaliation against directors or employees who file or assist in proceedings related to alleged violations of Company policy and/or state/federal regulations; and/or refuse to participate in unlawful or unethical activity.

The EthicsPoint Hot Line provides a confidential vehicle for directors to report and/or question possible complaints or concerns regarding accounting, internal accounting controls or auditing matters of the Company.

Examples of issues include: violations of Company policy and/or Company Code of Ethics and Conduct which includes but is not limited to questionable accounting or auditing practices, misrepresentation or false statements to or by an officer or director, conflict of interest, falsification of contracts, reports or records, embezzlement, discrimination, harassment, misconduct or inappropriate behavior, sabotage or vandalism, securities violations, substance abuse, theft, and unsafe working conditions, questionable directives from management that an employee believes could have legal repercussions.

If you know of an unlawful or unethical situation, you should immediately inform the Chief Executive Officer. A second option available to all directors and employees is through an outside vendor called Ethics Point. Reports can be made through confidential EthicsPoint web-site at www.Ethicspoint.com or by calling 866-311-5103. Links to the EthicsPoint are provided on the Company's intranet site. All calls/reports will be addressed confidentially with the appropriate parties.

Guide to Responsible Conduct

Directors and employees are expected to govern their activities within legal, regulatory guidelines and the highest standards of ethics. Experience has shown that when directors and employees conduct themselves in a professional, businesslike manner consistent with the Company core values they work more efficiently and contribute to a positive atmosphere.

It is the philosophy of Sun to allow directors and employees to govern their behavior out of respect for themselves, fellow directors and employees and that this will foster an increased feeling of job satisfaction and self-worth.

There may be instances when directors or employees choose not to accept the responsibility to perform duties within conduct required of their position. If this happens, the incident will usually be discussed with the director or employee for the purpose of correcting the behavior. Directors and employees are expected at all times to conduct themselves in an ethical manner in order to promote the best interests of the Company.

This list provides examples of what may constitute inappropriate conduct. It is not, however, intended to be all inclusive:

- Falsification of records, which includes but is not limited to: deliberate falsification of Company records, omission of facts, or giving false testimony.
- Unauthorized removal or malicious destruction of Company, government, vendor or employee funds and/or property.
- Fighting or engaging in any form of harassment (including sexual harassment).
- Disclosing trade secrets or confidential Company information or being careless with confidential information.
- Violation of security regulations, such as bringing firearms, weapons, tape recorders or cameras onto Company property; or any unauthorized entry to or exit from the Company premises.
- Violation of fire or safety regulations.
- Inappropriate, intentional intimidation or coercion of another director or employee.
- Conviction of a felony or crime involving dishonesty or moral turpitude.
- Giving or taking bribes in connection with Company business.
- Rude or curt treatment of customers, visitors, directors and employees.
- Concealment of interest or employment in any outside business which adversely affects the Company or the employee's performance.
- Substandard workmanship, negligence or inefficiency in the performance of duties.
- Failing to report to the proper person(s) any suspicious, unethical, or illegal conduct by coworkers, customers, or suppliers.
- Reporting to work under the influence of alcohol, illegal drugs, or narcotics, or using, selling, dispensing, or possessing alcohol, illegal drugs, or narcotics on Company premises.
- Using Company communications systems, including electronic mail, computers, Internet access, and telephones for any illegal or unethical purpose.
- Using profanity or abusive language.
- Misuse of director privileges.
- Accessing information for purposes other than on behalf of Sun.

Clawback Policy

Any benefit, compensation payment or equity or cash award or amounts paid in respect thereof ("Compensation") to a director of the Company that was granted or paid based on financial statements or performance metrics that are subsequently restated or revised, as determined by the Compensation Committee of the Board of Directors (the "Committee") in its discretion, and other than as necessitated by changes in GAAP, shall be subject to recovery by the Company. The amount recoverable shall be the amount of the Compensation, net of applicable taxes paid by the director.

The determination whether to seek recovery of Compensation from employee director shall be made by the Committee in its discretion, provided that, except in the case of fraud or intentional misconduct, such demand shall be limited to Compensation paid within the three-year period

preceding the date on which the Company is required to prepare the restatement (or, if not required to prepare the restatement, the date of the restatement) or revise the performance metric.

The director shall comply with the Company's demand within 60 days of the director's notice thereof. The Company or the Bank, upon prior notice to the director, may also, in its discretion, reduce amounts that would otherwise be payable to the director under other compensation, equity or benefit plans or arrangements of the Company or withhold future incentive awards that would otherwise be payable to the director in order to facilitate such repayment by the director.

The provisions of this Clawback Policy shall survive the termination or expiration of any applicable equity award plan and Compensation agreement with the director, and director's termination from the Board of Directors. In addition to and not in limitation of the foregoing, the Company may adopt additional clawback and Compensation recovery policies from time to time.

Conflicts of Interest

It is the policy of the Company to prohibit its directors and employees from engaging in any activity, practice, or conduct which conflicts, or appears to conflict, with the interests of the Company. Because it is impossible to describe all of the situations that may cause or give the appearance of a conflict of interest, this list is not intended to be exhaustive.

- Any director who changes his or her employment or otherwise has a significant change in job responsibilities, or who accepts or intends to accept a directorship with another company that he or she did not hold when such director was most recently elected to the Board, or who intends to relinquish a directorship with a company that he or she held when such director was most recently elected to the Board, shall give written notice to the Board's Nominating and Corporate Governance Committee, verifying the details, as soon as feasible. The Nominating and Corporate Governance Committee shall evaluate such change and promptly report the change and the results of its evaluation to the Board. Any external employment relationship that presents, or appears to present, a conflict of interest is prohibited.
- Directors shall promptly disclose to the Board any business relationships with the Company or any other potential conflicts of interest as they become aware of them.
- Directors are expected to represent the Company in a positive and ethical manner. Thus, directors have an obligation to avoid conflicts of interest and to refer questions and concerns about potential conflicts to the Nominating and Corporate Governance Committee.
- Association with governmental, municipal, educational, charitable, religious or other civic organizations is permitted. However, directors should inform the Nominating and Corporate Governance Committee of any such associations that may have the effect of presenting a conflict of interest.
- At least annually, each director of Sun is required to report his or her related interests to the corporate secretary of the Company.
- Any actual or potential conflict of interest must be disclosed to the Company.

Social Media

At Sun, we recognize that social media and other forms of online conversation represent an increasingly popular way for people to communicate. However, because social media is a very public and highly visible media, it is important for our directors and employees to understand and follow basic guidelines when using social media, in order to ensure that the Company's, directors', employees' and third parties' interest are properly protected.

For purposes of this policy, "social media" includes:

- Personal web sites
- Web logs ("blogs")
- Multi-media and social networking websites such as Facebook, Twitter, LinkedIn and YouTube
- Wikis such as Wikipedia and any other site where text can be posted

Use of Social Media Sites on Bank owned devices, for purposes of unethical or illegal activity, both in and out of the workplace is prohibited. Sun directors should adhere to the following guidelines when engaged in the use of social media:

- Directors are strictly prohibited from making statements on behalf of Sun or statements that may reasonably be attributed to Sun unless specifically acting within the defined scope of assigned duties and responsibilities.
- Directors should maintain the confidentiality of Sun trade secrets, private or proprietary information. Trade secrets may include information regarding the development of systems, processes, products, vendors, know-how and technology. Confidential information includes customer information. Do not post internal reports, policies, procedures or other internal business-related proprietary communications.
- Should your online comments or posts result in you being contacted by third parties about the Company, please refer media inquiries to the Marketing Department.
- Always respect copyright, fair use, financial disclosure and other applicable laws.
- When posting on personal sites, always be clear that your comments are your own personal views and do not represent those of Sun. This includes instances when reference is made to the sunnationalbank.com address or www.sunnationalbank.com domain. It is best to include a disclaimer such as: "The views expressed on this [blog; website] are my own and do not reflect the views of Sun".
- Do not use personal email and social media for business purposes. Do not post specific information about Sun's products, fees or pricing; those types of advertisement are subject to regulatory review and must be originated from Sun's Marketing Department.
- Social media allows for instantaneous communication but whatever you post may be around for a very long time...and is viewable by almost anyone. Remember, you are responsible for your web postings and that makes you liable for web postings found to be defamatory, harassing, an invasion of privacy or in violation of any other applicable federal or state law.
- When using any form of social media, in relation to the Company, always use best practices and proper on-line etiquette.

It is expected that all directors will be courteous to fellow directors and employees, suppliers or people who work on behalf of Sun. Also, keep in mind that you are more likely to resolve work related complaints by speaking directly with your fellow directors or by utilizing Sun's internal processes than by posting complaints to a social media outlet. Nevertheless, if you decide to post complaints or criticism, avoid using statements, photographs, video or audio that reasonably could be viewed as malicious, obscene, threatening or intimidating, that disparages customers, co-workers, vendors or people who work on behalf of Sun, or that might constitute harassment or bullying. Examples of such conduct might include offensive posts meant to intentionally harm someone's reputation or posts that could contribute to a hostile work environment on the basis of race, sex, disability, religion or any other protected status.

These guidelines are intended to provide directors with best practices for freely and fully participating in the social media space, while ensuring that the Company's confidential proprietary information and other interests are protected.

Sun will take the necessary steps to enforce this policy, including monitoring social media. It is the Company's expectation that this policy will be carefully adhered to by all directors. Should we be made aware, either directly or indirectly, of a director's potential disregard for these guidelines it will be treated as a potential policy violation and be investigated and resolved in a manner consistent with Sun's corrective action process for a violation of policy.

These guidelines and policies are not intended to, and will not be enforced, to discourage, prohibit or interfere with any director or employee's federal or state labor law rights, including rights under the National Labor Relations Act, including Section 7 Activity or any whistleblower protections under federal or state law.

As additional reference, please also read the Acceptable Use Policy that is posted in the Diligent Resource Center.

Confidential Nature of Company Affairs

The internal business affairs of the organization, particularly confidential information and trade secrets, represent Company property that each director and employee has a continuing obligation to protect.

- Information designated as confidential may not be discussed with anyone outside of the organization and may be discussed within the organization only on a "need to know" basis. In addition, directors have a responsibility to avoid unnecessary disclosure of non-confidential internal information about the Company, its directors, its employees, its customers, and its suppliers. However, this director responsibility to safeguard internal Company affairs is not intended to impede normal business communications and relationships.
- Sun strictly prohibits deriving financial benefit from confidential information that could be obtained only by reason of directorship or employment, whether such information relates to Sun, its customers, or anyone with whom it has business relations. Confidential information includes all non-public information that might be of use to competitors, or

harmful to Sun or its customers if disclosed. Directors shall refrain from engaging in activities that result in their receipt of an improper benefit from their relationship with the Company. Directors shall not usurp corporate opportunities.

- Directors authorized to have access to confidential information may be required to sign special nondisclosure agreements and must treat the confidential information as Company property and protect its confidential nature. Prior to disclosure, any questions regarding disclosure of confidential information should be reviewed with the Chief Executive Officer or the General Counsel for Sun.
- Inside information is “material, nonpublic” information about a company or corporation. “Material” information is information of such importance that it can be expected to affect the judgment of investors as to whether or not to buy, sell or hold a company’s securities. “Nonpublic” means it is not generally available to the public, at times, confidential prior to disclosure. If such information is used or disclosed, the director, employee, the Company, and anyone outside of the Company to whom the information is disclosed could be subject to civil and criminal liability, including imprisonment, under federal and state securities laws. For additional reference, please see the Insiders Security Trading Policy that is posted in the diligent Resource Center.
- Any information or examination ratings received in conjunction with the examination results of any federal or state regulatory agency is privileged (with the exception of Community Reinvestment Act public ratings) and disclosure of that information is a violation of federal law.

Proprietary Information and Trade Secrets

Directors have access to a broad range of proprietary information and are obligated to use this information only to the extent necessary for the performance of their duties. Such information may not be disclosed in any form to any person not representing the Company. Any disclosure and/or use of proprietary information unrelated to the duties of the Board of Directors even if only from memory, during directorship and after termination, will be a violation of this policy.

Non-Solicitation of Employees

For a period of twelve (12) months following termination of employment, an individual will not, directly or indirectly, solicit or entice for employment or hire, any Company employee without the written consent of Sun.

Non –Solicitation of Customers

For the period of (12) months following termination of directorship, an individual will not, directly, or indirectly, solicit customers of Sun for any reason. Customer information obtained while on the Board of Directors of Sun is proprietary information intended for the sole use of Sun. The company reserves the right to provide a copy of this policy to future directors.

Gifts and Entertainment

Under the Bank Bribery Act, you could be guilty of a serious federal crime if you solicit, receive or agree to receive anything of value (including services), for yourself or anyone related to you from any person in connection with any transaction or business of Sun.

The Bank Bribery Act provides for significant fines and imprisonment.

The person giving anything of value (including services) is subject to the same penalties.

The following OCC and Department of Justice guidelines are adopted by Sun:

A “reasonable” standard of conduct is one that permits a director, officer or employee to receive the normal amenities that facilitate the discussion of business. This might include a business meal or modest entertainment, but would exclude the receipt of benefits that serve no demonstrable business purpose, such as a weekend hunting or fishing expedition or the receipt of scarce or expensive tickets to athletic or theatrical events.

Conduct that falls within reasonable standards of behavior and which is calculated to do nothing more than facilitate the discussion of bank business or to foster good business relations within a community presents no corrupting threat to the employee’s fiduciary duty and is inappropriate for prosecution. Similarly, receipt of insignificant gifts of modest or nominal value would not entail a breach of a director’s, officer’s, or employee’s fiduciary duty or entail dishonesty.

The U.S. Department of Justice, in setting forth guidelines for the U.S. Attorneys concerning violations of the Bank Bribery Act, stated that the law will be enforced in light of reasonable conduct.

No director, officer, or employee shall solicit anything of value (including services) either for the director or for any other person or organization, from any person or organization, for or in connection with any transaction or business of Sun.

No director, officer or employee shall accept or agree to accept, either for the Director or for any other person or organization any cash payment or anything substantially equivalent to cash (including, without limitation, any deposit or bond) in connection with a transaction or business of Sun.

No director, officer or employee shall accept anything of value (including services) from any customer or supplier that does not meet the standard of “reasonableness” as set forth in the above paragraph.

No director, officer or employee shall accept or agree to accept anything of value (including services) either for the Director or for any other person or organization if it is intended to, or would, influence the director, officer or employee in the conduct of the business of Sun.

Any director, officer or employee who is offered or receives something of value beyond that authorized, is required to disclose that fact to the General Counsel. You are also required to disclose all potential conflicts of interest, including inadvertent ones that arise due to business or personal relationships with customers, suppliers, business associates, or competitors of Sun. Sun's general rule against accepting gifts is to prevent corruption or breach of trust. For this reason, insignificant gifts or entertainment of modest or nominal value that does not involve any improper or illegal or corrupt motives may be accepted.

Political Contributions

No Company funds or assets shall be used to make any political contributions in any country other than the United States. Sun may make political contributions of funds or assets to the extent permitted by applicable law only with prior authorization of the Chief Executive Officer.

Unusual Payments

No false or deceptive entries shall be made in Sun's books or records. No Company fund or asset that is not disclosed in such books and records shall be established for any purpose.

No payment on behalf of Sun shall be made or approved with the intention or understanding that any part of such payment is to be used for a purpose other than that described in the documents supporting that payment.

No person who has a decision-making role on behalf of a customer of Sun in a contemplated loan or deposit transaction shall be paid any commission or other payment in connection with that loan or deposit.

Compliance with All Applicable Government Laws, Rules and Regulations

All directors and employees are required to comply with all applicable government laws, rules and regulations and to report violations thereof to the Chief Executive Officer or the General Counsel.

All directors and employees are expected to assist the Company in providing full, fair, accurate and timely disclosure in reports and documents filed with the Securities and Exchange Commission and in other public communications made by Sun.

The Company will not allow any form of retaliation against individuals who report alleged violations of any laws, rules or regulations. Retaliation is unacceptable, and any form of retaliation in violation of this policy will result in disciplinary action, up to and including discharge.

Distribution and Administration of the Code of Ethics and Conduct

The Human Resources Department shall make sure that this Code of Ethics and Conduct is distributed to each director at the time of appointment.

Each director will re-affirm their adherence to the Code of Ethics and Conduct on an annual basis. Acknowledgement indicating that each director has received, read, understands and agrees to be bound by the contents of the Code is required.

The Human Resources Department shall review this policy on an annual basis to assure compliance with any required changes, including government legislation affecting the interpretation and inclusions to this policy.

Directors failing to adhere to this policy may be subject to corrective action and legal action.

Waivers to this policy for directors may only be granted by the Board of Directors. Any such waivers shall be publicly disclosed.

The Code of Ethics and Conduct shall be publicly available.

All violations of this Code shall be immediately reported to the Human Resources Department.