

## FINANCIAL REPORTING COMPLAINT AND WHISTLEBLOWER PROTECTION POLICY

It is the policy of Carolina Bank Holdings, Inc, and its subsidiaries, (the “Company”) to encourage employees to report improper accounting, improper financial reporting or internal fraud that impacts the financial reporting function. This is further defined as concerns over questionable accounting or auditing matters, violations of any rule or regulation of the Securities and Exchange Commission, or any provision of state or federal law relating to fraud against our shareholders.

Employees who believe there have been questionable or improper acts regarding accounting or auditing matters or possible violations of any rule or regulation of the Securities and Exchange Commission or other federal or state law, regulation or rule involving fraud against our shareholders shall contact the Chairman of the Audit and Compliance Committee. The Audit and Compliance Committee is a committee of the Board of Directors and is comprised of members who are independent of management. This Committee is charged, among its other duties and responsibilities, with receiving and handling inquiries and complaints of this nature from our employees. All matters reported to the Audit and Compliance Committee shall be kept confidential and anonymous, unless and until the reporting individual authorizes otherwise.

This complaint procedure should only be used for the specific items listed above. All other matters, such as personnel or customer issues, should be handled through the appropriate channel.

All reports can be reported in writing or by email to:

Mr. Jim Hooper  
Chairman, Audit and Compliance Committee  
Staunton Capital, Inc.  
3406-E West Wendover Avenue, Wendover Business Park  
Greensboro, NC 27407-1527  
[hooperje@aol.com](mailto:hooperje@aol.com); 336-855-9992(business): 336-706-1040 (cell)  
336-855-9993(fax)

The Company shall not discharge, demote, suspend, threaten, harass, or take any other adverse action against an employee in the terms and conditions of employment because of any lawful act of the employee to provide information, cause information to be provided, or otherwise assist in an investigation concerning (1) questionable or improper accounting or auditing matters that are reported to the Audit and Compliance Committee; or (2) any conduct which the employee reasonably believes constitutes a violation of the federal statutes governing mail fraud (18 USC 1341), wire fraud (18 USC 1343), bank fraud (18 USC 1344), securities fraud (18 USC 1348), or any regulation or rule of the Securities and Exchange Commission or any other federal or state law, regulation or rule relating to fraud against shareholders.