

TREATMENT OF COMPLAINTS REGARDING ACCOUNTING, INTERNAL CONTROLS OR AUDITING MATTERS

F4

FIRST GUARANTY BANCSHARES, INC. TREATMENT OF COMPLAINTS REGARDING ACCOUNTING, INTERNAL CONTROLS OR AUDITING MATTERS

F4.1 Purpose

These procedures are designed to ensure compliance with the provisions of Section 301 of the Sarbanes-Oxley Act of 2002 requiring public companies to establish procedures for the receipt, retention and treatment of complaints received by companies regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

F4.2 Responsibilities of Audit Committee for Accounting Complaints

First Guaranty Bancshares, Inc. (the “Company”) has established the following procedures to retain, investigate and act on complaints and concerns of employees, shareholders and others regarding accounting, internal accounting controls and auditing matters, including complaints regarding attempted or actual circumvention of internal accounting controls or complaints regarding violations of the Company’s accounting policies (“Accounting Complaints”).

F4.3 Procedures for Investigating Accounting Complaints

F4.3.1 The Chairman of the Audit Committee or his designee will prepare a written docket (the “Docket”) of all complaints summarizing in reasonable detail for each complaint: the nature of the complaint (including any specific allegations made and the persons involved); the date of receipt of the complaint; the ongoing status of any investigation into the complaint; and any final resolution of the complaint. The Chairman will distribute an update of the Docket, highlighting recent developments in reasonable detail, to the Audit Committee, in advance of each regularly scheduled meeting thereof (other than meetings convened principally to review the Company’s periodic reports under the Securities Exchange Act of 1934).

F4.3.2 Promptly upon receipt, the Chairman will evaluate whether a complaint constitutes an Accounting Complaint and whether the Accounting Complaint is from an employee and needs to be treated confidentially and anonymously. If the Chairman determines that a complaint is an Accounting Complaint, he will thereafter promptly forward the complaint to the Audit Committee, which will determine how to proceed with the investigation (See B.5 for the procedure to be followed if the complaint is not an Accounting Complaint). As investigation into the Accounting Complaint proceeds, results will be reported in writing to the Audit Committee (the “Investigation Report”). Investigation Reports will be prepared in reasonable detail and shall be in addition to the information provided

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to the Audit Committee on the Docket. Such reports will describe the Accounting Complaint, the steps taken in the investigation, any factual findings, and the recommendations for corrective action, if any.

The Audit Committee will be free in its discretion to engage outside auditors, legal counsel, or other experts to assist in the investigation, analysis and resolution. The Audit Committee may delegate investigatory responsibility to one or more persons, including persons who are not employees of the Company. All investigations will be conducted in a confidential manner, so that information will be disclosed only as needed to facilitate review of the investigation materials or otherwise as required by law.

The Audit Committee may require the assistance of the Chief Financial Officer, the Controller, the Chief Auditor, any of their staffs, or any other employees of the Company in investigating and resolving any Accounting Complaint. The parameters of any investigation will be determined by the Audit Committee in their discretion and the Company and its employees will cooperate as necessary in connection with any such investigation.

F4.3.3 If corrective actions are required, the Audit Committee will ensure they are taken.

F4.3.4 Accounting Complaints received from external or internal sources communicated to Management shall be directed to the Chairman of the Audit Committee. Any director, officer or employee who receives an Accounting Complaint from parties outside of the Company shall communicate the complaint to the Chairman of the Audit Committee.

F4.3.5 Any complaints received that are not Accounting Complaints, as determined by the Chairman of the Audit Committee, shall be directed to the appropriate party in the Company.

F4.4 Protection of Whistleblowers

Consistent with the policies of the Company, the Audit Committee and the Company's management will not retaliate or attempt to retaliate, and will not tolerate any retaliation or attempted retaliation by any other person or group, directly or indirectly, against any employee who, in good faith, makes an Accounting Complaint or provides assistance to the Audit Committee, the Company's management or any other person or group, including any governmental, regulatory or law enforcement body, investigating or otherwise helping to resolve an Accounting Complaint.

F4.5 Records

The Internal Audit Department will retain on a strictly confidential basis for a period of seven years (or otherwise as required under the Company's record retention policies in effect from time

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to time) all records relating to any Accounting Complaint and to the investigation and resolution thereof.

F4.6 Reporting to the Board of Directors

The status of Accounting Complaints may be reported to the Board of Directors, members thereof or independent Directors, as determined by the Audit Committee.