

**Spirit of Texas Bancshares, Inc.**

**Code of Business Conduct and Ethics**

**Effective as of May 1, 2017**

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**I. INTRODUCTION**

Spirit of Texas Bancshares, Inc. and its subsidiaries (collectively, the “Company”) is committed to conducting its business in accordance with applicable laws, rules and regulations and the highest standards of business conduct and to full and accurate financial disclosure in compliance with applicable law. This Code of Business Conduct and Ethics (the “Code”) covers a wide range of business practices and procedures. It does not cover every issue that may arise, but it sets out basic principles to guide all employees, directors and officers of the Company. This Code applies to the Company’s principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions pursuant to Item 406 of Regulation S-K, as well as directors, officers, and employees (collectively, the “Covered Persons”) pursuant to the listing standards of NASDAQ Marketplace Rule 5610, for the purpose of promoting:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in reports and documents that a registrant files with, or submits to, the Securities and Exchange Commission (the “SEC”) or Nasdaq Stock Market, LLC (the “NASDAQ”), and in other public communications made by the Company;
- compliance with applicable laws and governmental rules and regulations;
- the protection of Company assets, including corporate opportunities and confidential information;
- fair dealing practices;
- deter wrongdoing;
- the prompt internal reporting of violations of the Code to an appropriate person or persons identified in the Code; and
- accountability for adherence to the Code.

All Covered Persons are expected (i) to read and understand the Code and its application to his or her business responsibilities and (ii) conduct themselves in accordance with the Code and seek to avoid even the appearance of wrongdoing or improper behavior. The Code should also be provided to and followed by the Company’s agents and representatives, including consultants.

If a law conflicts with a policy in this Code, you must comply with the law. If you have any questions about these conflicts, you should ask your supervisor how to handle the situation.

Those who violate the standards in this Code will be subject to disciplinary action, up to and including termination of employment. *If you are in a situation which you believe may violate or lead to a violation of this Code, follow the guidelines described in Sections XV and XVIII of this Code.*

## **II. HONEST AND ETHICAL CONDUCT**

Each Covered Person must always conduct himself or herself in an honest and ethical manner. Each Covered Person must act with the highest standards of personal and professional integrity and not tolerate others who attempt to deceive or evade responsibility for their actions. All actual or potential conflicts of interest between personal and professional relationships must be handled honestly, ethically and in accordance with the policies specified in this Code. In addition, all Covered Persons must be direct, honest and truthful in discussions with, or requests for information from, the Board, regulatory agency officials and government officials, as well as in all dealings with business partners and shareholders.

## **III. COMPLIANCE WITH LAWS, RULES AND REGULATIONS**

Obeying the law, both in letter and in spirit, is the foundation on which the Company's ethical standards are built. All Covered Persons must respect and obey the laws, rules and regulations (including insider trading laws) of the cities, states and countries in which we operate and the rules and regulations applicable to the Company's business. As a public reporting company with its stock trading on NASDAQ, the Company is also subject to regulation by the SEC and the applicable listing standards of NASDAQ. Although not all Covered Persons are expected to know the details of these laws, it is important to know enough to determine when to seek advice from supervisors, managers or other appropriate personnel.

If requested, the Company will hold information and training sessions to promote compliance with laws, rules and regulations, including insider-trading laws.

## **IV. CONFLICTS OF INTEREST**

A "conflict of interest" exists when a person's private interest interferes, or appears to interfere, in any way with the interests of the Company. A conflict situation can arise when a Covered Person takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. Conflicts of interest may also arise when a Covered Person, or members of his or her family, receives improper personal benefits as a result of his or her position in the Company. Loans to, or guarantees of obligations of, Covered Persons and their family members may create conflicts of interest. For purposes of this Code, a family member generally means a person's spouse, parents, children and siblings, whether by blood, marriage or adoption, or anyone residing in such person's home.

It is almost always a conflict of interest for a Covered Person to work simultaneously for a competitor, customer or supplier. You are not allowed to work for a competitor as a consultant or board member. The best policy is to avoid any direct or indirect business connection with our

customers, suppliers or competitors, except on our behalf. Conflicts of interest are prohibited as a matter of policy, unless they have been specifically approved in advance or otherwise comply with the Company's Related Party Transactions Policy (to the extent applicable). Directors and executive officers of the Company should refer to the Company's Related Party Transactions Policy. Conflicts of interest may not always be clear-cut, so if you have a question, you should consult with higher levels of management. Any Covered Person who becomes aware of a conflict or potential conflict should bring it to the attention of a supervisor, manager or other appropriate personnel or consult the procedures described in Sections XV and XVIII of this Code.

## **V. PUBLIC DISCLOSURE**

The Company is committed to providing full, fair, accurate, timely and understandable disclosure in the current reports, periodic reports and other information it files with or submits to the SEC and in other public communications, such as press releases, earnings conference calls and industry conferences, made by the Company or on the Company's behalf. In meeting such standards for disclosure, the Company's officers and directors shall at all times strive to comply with the Company's disclosure obligations and, as necessary, appropriately consider and balance the need or desirability for confidentiality with respect to non-public negotiations or other business developments.

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing effective disclosure controls and procedures and internal control over financial reporting within the meaning of applicable SEC rules and regulations. The Company expects the Chief Executive Officer and the Chief Financial Officer to take a leadership role in implementing such controls and procedures and to position the Company to comply fully with its disclosure obligations within the timeframe required under applicable SEC rules and regulations. No Covered Person should interfere with, hinder or obstruct the Company's efforts to meet the standards for public disclosure set forth above.

## **VI. CORPORATE OPPORTUNITIES**

Covered Persons are prohibited from taking for themselves personally opportunities that are discovered through the use of corporate property, information or position without the consent of the Board of Directors. No Covered Person may use corporate property, information or position for improper personal gain, and no employee may compete with the Company directly or indirectly. Covered Persons owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises, and Covered Person must offer to the Company any business opportunities related to the Company's business activities.

## **VII. COMPETITION AND FAIR DEALING**

We seek to outperform our competition fairly and honestly. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited. Each Covered Person should endeavor to respect the rights of and deal fairly with the Company's customers, suppliers, competitors and employees. No employee, officer or director should take unfair

advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair-dealing practice.

The purpose of business entertainment and gifts in a commercial setting is to create goodwill and sound working relationships, not to gain unfair advantage with customers. No gift or entertainment should ever be offered, given, provided or accepted by any Covered Person, family member of an employee or agent unless it: (1) is not a cash gift, (2) is consistent with customary business practices, (3) is not excessive in value, (4) would not embarrass the Company if disclosed publicly, (5) cannot be construed as a bribe or payoff and otherwise complies with Company policy and (6) does not violate any laws or regulations. Please discuss with your supervisor any gifts or proposed gifts which you are not certain are appropriate.

### **VIII. DISCRIMINATION AND HARASSMENT**

The diversity of the Company's employees is a tremendous asset. We are firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or harassment of any kind. Examples include derogatory comments based on racial or ethnic characteristics and unwelcome sexual advances.

### **IX. HEALTH AND SAFETY**

The Company strives to provide each employee with a safe and healthy work environment. Each Covered Person has responsibility for maintaining a safe and healthy workplace for all employees by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions.

Violence and threatening behavior are not permitted. Covered Persons should report to work in condition to perform their duties, free from the influence of illegal drugs or alcohol. The use of illegal drugs in the workplace will not be tolerated.

### **X. RECORD-KEEPING**

The Company requires honest and accurate recording and reporting of information in order to make responsible business decisions. For example, only the true and actual number of hours worked should be reported.

Many Covered Persons regularly use business expense accounts, which must be documented and recorded accurately. If you are not sure whether a certain expense is legitimate, ask your supervisor or your controller.

All of the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions and must conform both to applicable legal requirements and to the Company's system of internal controls. Unrecorded or "off the books" funds or assets should not be maintained unless permitted by applicable law or regulation.

Business records and communications often become public, and we should avoid exaggeration, derogatory remarks, guesswork or inappropriate characterizations of people and companies that

can be misunderstood. This applies equally to email, internal memos and formal reports. In the event of litigation or governmental investigation, please consult the Chief Financial Officer.

## **XI. CONFIDENTIALITY**

Covered Persons must maintain the confidentiality of confidential information entrusted to them by the Company or its customers, except when disclosure is authorized by the Chief Financial Officer or required by laws or regulations. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company or its customers, if disclosed. It also includes information that suppliers and customers have entrusted to us. The obligation to preserve confidential information continues even after employment ends. In connection with this obligation, every employee should have signed an acknowledgement of receipt of employee handbook when he or she began his or her employment with the Company.

## **XII. PROTECTION AND PROPER USE OF COMPANY ASSETS**

All Covered Persons should endeavor to protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability. Any suspected incident of fraud or theft should be immediately reported for investigation. Company equipment should not be used for non-Company business, though incidental personal use may be permitted.

The obligation of Covered Persons to protect the Company's assets includes its proprietary information. Proprietary information includes intellectual property such as trade secrets, patents, trademarks and copyrights, as well as business, marketing and service plans, engineering and manufacturing ideas, designs, databases, records, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information would violate Company policy. It could also be illegal and result in civil or even criminal penalties.

## **XIII. PAYMENTS TO GOVERNMENT PERSONNEL**

The U.S. Foreign Corrupt Practices Act prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. It is strictly prohibited to make illegal payments to government officials of any country.

In addition, the U.S. government has a number of laws and regulations regarding business gratuities which may be accepted by U.S. government personnel. The promise, offer or delivery to an official or employee of the U.S. government of a gift, favor or other gratuity in violation of these rules would not only violate Company policy but could also be a criminal offense. State and local governments, as well as foreign governments, may have similar rules.

## **XIV. WAIVERS OF OR CHANGES TO THE CODE OF BUSINESS CONDUCT AND ETHICS**

Any waiver of, or changes to, this Code for executive officers or directors may be made only by the Board of Directors and will be promptly disclosed to shareholders as required by law or regulation of the SEC and the rules of NASDAQ. In particular, to the extent that the Board

determines to grant any waiver, of this Code for an executive officer or director, the waiver shall be disclosed to shareholders within four business days of such determination through a press release, providing website disclosure, or by filing a current report on Form 8-K with the SEC. Such disclosure shall include the nature of the waiver, the name of the executive officer or director to whom the Company granted the waiver and the date of the waiver. Any change to this Code will also be promptly disclosed as required by law or regulation of the SEC. Any other Covered Person seeking a waiver should speak to his or her supervisor, who, in turn, should obtain the approval of the Chief Financial Officer regarding such matter.

## **XV. REPORTING ANY ILLEGAL OR UNETHICAL BEHAVIOR**

Covered Persons are expected to report any observed or suspected violations of the Code and illegal or unethical conduct to supervisors, managers or other appropriate personnel. Complaints or concerns regarding the Company's accounting, internal accounting controls or auditing matters should be addressed to the Chairperson of the Audit Committee of the Board and made pursuant to the Company's Whistleblower Policy.

It is the policy of the Company not to allow retaliation for reports of misconduct by others made in good faith by Covered Persons. Covered Persons are expected to cooperate in internal investigations of misconduct.

Any Covered Persons may submit a good faith concern regarding questionable accounting or auditing matters without fear of dismissal or retaliation of any kind.

## **XVI. ADMINISTRATION AND IMPLEMENTATION**

The Board of Directors, through the Audit Committee and the Corporate Governance and Nominating Committee, will help ensure this Code is properly administered. The Corporate Governance and Nominating Committee will be responsible for the annual review of the compliance procedures in place to implement this Code and will recommend clarifications or necessary changes to this Code to the Board for approval. The Chief Financial Officer is responsible for the implementation of this Code.

## **XVII. WEBSITE DISCLOSURE**

This Code, as may be amended from time to time, shall be posted on the Company's website. The Company shall state in its annual proxy statement that this Code is available on the Company's website and provide the website address.

## **XVIII. COMPLIANCE PROCEDURES**

We must all work to ensure prompt and consistent action against violations of this Code. However, in some situations it is difficult to know if a violation has occurred. Since we cannot anticipate every situation that will arise, it is important that we have a way to approach a new question or problem. These are the steps to keep in mind:

- Make sure you have all the facts. In order to reach the right solutions, we must be as fully informed as possible.

- Ask yourself: What specifically am I being asked to do? Does it seem unethical or improper? Will I compromise myself or the reputation of the Company by this action if it becomes known? This will enable you to focus on the specific question you are faced with, and the alternatives you have. Use your judgment and common sense; if something seems unethical or improper, it probably is.
- Clarify your responsibility and role. In most situations, there is shared responsibility. Are your colleagues informed? It may help to get others involved and discuss the problem.
- Discuss the problem with your supervisor. This is the basic guidance for all situations. In many cases, your supervisor will be more knowledgeable about the question and will appreciate being brought into the decision-making process. Remember that it is your supervisor's responsibility to help solve problems.
- Seek help from Company resources. In the rare case where it may not be appropriate to discuss an issue with your supervisor, or where you do not feel comfortable approaching your supervisor with your question, discuss it locally with your office manager, your Human Resources Director or the Company's Chief Financial Officer.
- You may report ethical violations in confidence and without fear of retaliation. If your situation requires that your identity be kept secret, your anonymity will be protected. The Company does not permit retaliation of any kind against employees for good faith reports of ethical violations.
- Always ask first, act later: If you are unsure of what to do in any situation, seek guidance before you act.