

CALIFORNIA FIRST LEASING CORPORATION

Corporate Governance Handbook

California First Leasing Corporation (the “Company”) is a publicly traded company that strives to ensure that our business integrity and ethics meet a high standard and has long established guidelines and policies governing employees’ business-related conduct. Over the past few years, there has been increased regulatory and public focus on the matter of acceptable corporate governance and conduct. To comply with certain regulations, and to ensure that all CFNB officers, directors and employees are focused on the importance of these matters, this handbook serves to make certain policies, procedures and rules easily available under one central document. The Company also makes the Corporate Governance Handbook and its primary components, as set forth below, available on CFNB’s website under the section entitled “Corporate Governance”.

The Corporate Governance Handbook is supplemental to the “Employee Handbook, Policy and Benefit Summary” and does not replace such policies set forth therein.

The primary components of the Corporate Governance policies are:

- Corporate Governance Guidelines
- Policy Regarding Insider Trading and Dissemination of Inside Information
- Mechanisms for Reporting Non-Compliance with CFNB Corporate Governance Policies

CALIFORNIA FIRST LEASING CORPORATION

Corporate Governance Guidelines

It is the intent of California First Leasing Corporation ("CFNB" or the "Company") to conduct its business operations in accordance with the highest degree of integrity and ethical standards. CFNB holds its employees, officers and directors to the following Code of Ethics and requires reporting of conflicts with or breaches of this code. Individuals associated with this Company have a primary responsibility to uphold these standards. Failure to comply with these policies may result in the termination of their relationship with CFNB.

It is important to understand that appearances can be as important as reality in the appropriate standard of ethical conduct. Since it is not practical, or possible, to take into account every situation, CFNB's Code of Ethics is, in part, dependent upon its employees, officers and directors exercising reasonable and prudent judgment. It is the obligation of all employees, officers and directors to know and understand the Code of Ethics and the Company's other policies and procedures and to consult with the Chief Operating Officer of CFNB regarding any questions.

Code of Ethics

1. The Company will conduct its business and prepare its financial statements in accordance with all applicable laws, rules and regulations.
2. It is CFNB's policy to prohibit loans made directly or indirectly to directors, officers and principal shareholders. Loans or financial accommodations to relatives or close acquaintances of officers, directors and principal shareholders of the Company and its affiliates are similarly prohibited.
3. The core responsibility of all employees, officers and directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company. A "conflict of interest" occurs when an individual or private interest interferes in any way with the interests of CFNB as a whole. These rules apply to the individual and members of his or her family. Any interests or activities that may result in a conflict of interest must be avoided and be disclosed in writing when the potential or appearance of a conflict of interest exists.
4. Each employee, officer and director must acknowledge that all non-public information concerning CFNB's business is considered confidential and the use of such information for personal or other gain is unethical and illegal. Such information shall not be disclosed to outside individuals unless clearly authorized by a member of the executive management of CFNB.

Use of confidential information for other than business purposes can result in the disclosure of insider information. Insider information is defined as knowledge of a material nature that could affect the market valuation of CFNB's or a customer's stock upon general disclosure. Insider information may not be used in purchasing, trading or soliciting securities until the time that information is available to the general public.

CFNB employees may purchase and hold CFNB stock for long-term investment. While CFNB has no intention of involving itself in the personal lives of its employees, employment in a financial institution does require prudent and proper personal conduct in investments and other opportunities. CFNB's detailed rules regarding Insider Trading is set forth in a separate policy.

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Corporate Governance Guidelines (continued)

7. No one will solicit, accept or pay a bribe. Reasonable and prudent judgment shall be used as to what constitutes a bribe, and if there is any question, the person should consult with the Chief Operating Officer of CFNB.

Employees of CFNB are prohibited from soliciting gifts from prospective or current customers, associates, or any other individual or business. Any gifts received shall be of nominal value. Nominal value is considered to be a sum **below \$50** for cumulative gifts received from any one source during a one-year period.

Employees likewise are prohibited from offering gifts to vendors, customers and lenders other than gifts of nominal monetary value.

8. Employees are responsible for ensuring that all transactions with customers conform to all applicable laws, rules, policies and regulations. No actual or apparent commitments, formally or informally, on behalf of the Company are to be made without appropriate authorization in accordance with approved procedures. CFNB will not participate in any transaction with any customer that is intended by such customer to subvert any legal, accounting or other regulations. An illegal or unethical act cannot be justified by saying it benefited the Company, or that it was directed by someone else in the organization, even a higher authority. No one is authorized by the Company to commit or to direct another employee to commit such an act.
9. Offers of directorships to any outside organization that has, or desires, a business relationship with CFNB, or to any institution within the financial services industry, must be approved by the Board of Directors prior to acceptance.
10. All employees shall deal fairly with customers, suppliers, competitors, and other employees. It is against CFNB policy to take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing or practice.

Any failure to fully conform to CFNB's Code of Conduct, or any act to commit fraud or theft against CFNB, will be fully investigated. Everyone is expected to cooperate fully with all inquiries and investigations. Violations of the Code of Ethics, including failure to cooperate with an investigation or inquiry, may result in disciplinary action, termination of employment and may result in other penalties, including legal enforcement action.

The requirements of this Code of Ethics may be waived for Directors or Executive Officers of CFNB only by the Board of Directors.

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POLICY REGARDING INSIDER TRADING AND DISSEMINATION OF INSIDE INFORMATION

Background

California First Leasing Corporation (“CFNB”) is a publicly traded company. All CFNB employees must act in a manner that does not misuse material financial or other information that has not been publicly disclosed. Failure to do so breaches our Code of Ethics and violates the securities laws of the United States government. Violations of these laws may result in strict penalties imposed upon both companies and individuals, including both financial sanctions and possibly prison.

Maintaining the confidence of shareholders and the public markets is important. The principle underlying CFNB's policy is fairness in dealings with other persons, which requires that every employee not take personal advantage of undisclosed information. Even the appearance of improper conduct must be avoided to preserve the Company's reputation for adhering to high ethical standards of conduct. Accordingly, conduct which merely suggests the possibility of insider trading may be deemed by the Company in its sole discretion to be a violation of this policy.

Policy

No CFNB employee may trade in CFNB securities unless the employee is sure that he or she does not possess material inside information. No CFNB employee may disclose such information to others who might use it for trading or might pass it along to others who might trade.

Similarly, employees may not trade in securities of any other company unless they are sure that they do not possess any material inside information about that company which they obtained in the course of their employment with CFNB, such as information about a major contract or significant changes in their business.

This Policy applies to all directors, officers and employees of CFNB, including each subsidiary, or other business association that is effectively controlled by CFNB, directly or indirectly.

The existence of a personal financial emergency does not excuse compliance with this Policy. See “Additional Guidance”.

Definitions

Securities include common stock and derivative securities such as put and call options and convertible debentures or preferred stock, as well as debt securities such as bonds and notes.

Material information is any information that a reasonable investor would consider important in a decision to buy, sell or hold the securities. Any information that could reasonably be expected to affect the price of the securities is likely to be considered material. Examples of material information related to CFNB include

- Earnings information, including volume of lease originations, sales “pipeline”, residual realization
- Mergers or acquisitions
- Developments regarding customers, vendors or debt sources
- Changes in control or management
- Changes in dividends
- Change in auditors

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The information may be positive or negative. The public, the media, and the courts may use hindsight in judging what is material.

Inside means the information has not yet become publicly available. Release of information to the media does not immediately free insiders to trade. Insiders should refrain from trading until the market has had an opportunity to absorb and evaluate the information. If the information has been widely disseminated, it is usually sufficient to wait at least 48 hours after publication.

Additional Guidance

Electronic Bulletin Boards, Chat Rooms and Social Media Sites

Directors, officers, and employees of the Company are prohibited from participating in any manner in Internet or other on-line bulletin boards or chat rooms on matters concerning the Company or related topics unless the Chief Executive Officer of CFNB ("Chief Executive Officer") or Chief Financial Officer of CFNB ("Chief Financial Officer") authorizes your participation in a planned discussion of non-inside information occurring in a Company-sanctioned electronic forum.

Short sales are prohibited

Short sales of CFNB securities (a sale of securities which are not then owned), including a "sale against the box" (a sale with delayed delivery) are prohibited.

Standing Orders

Standing orders should be used only for a very brief period of time. The problem with purchases or sales resulting from standing instructions to a broker is that there is no control over the timing of the transaction. The broker could execute a transaction when you are in possession of material inside information.

Blackout Policy

This Policy prohibits trading in CFNB securities by officers, directors and certain employees, beginning the last day of a fiscal quarter and ending 48 hours after a public announcement of quarterly or annual earnings is made.

Who is covered by this Policy?

- Directors, Executive Officers and certain identified Officers of CFNB
- All individuals reporting directly to the Chief Financial Officer.
- Certain employees in the accounting group who are involved in the preparation of financial statements.
- Anyone in possession of material non-public information.
- Family members living in the same household as anyone covered by this Policy.

What transactions are prohibited during a blackout period?

- Open market purchase or sale of CFNB securities.
- Purchase or sale of CFNB securities through a broker
- Exercise of stock options where all or a portion of the acquired stock is sold during the blackout period.

What transactions are allowed during a blackout period?

- Gifts of CFNB stock, unless you have reason to believe the recipient intends to sell the shares during the current blackout period.
- Transfers of CFNB stock to or from a trust.

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In addition to the standard end-of-quarter blackout periods, the Company may, from time to time, impose other blackout periods upon notice to those persons who are affected.

Employees not otherwise subject to the blackout periods are encouraged to refrain from trading CFNB securities during blackout periods to avoid the appearance of improper trading.

Pre-Clearance of Stock Transactions

CFNB Directors, Executive Officers, and certain identified officers are obligated to pre-clear transactions in CFNB securities. These transactions include all transactions noted above as being prohibited during a blackout period, as well as gifts and any stock option exercise.

Who authorizes the clearance?

- Chief Financial Officer
- Corporate Secretary
- Other attorneys designated by the Chief Financial Officer or the Corporate Secretary

In addition, other employees are encouraged to discuss any transaction involving CFNB securities to make sure there is no pending material event that could create an appearance of improper trading.

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Mechanisms for Reporting Non Compliance with CFNB Policies

Reporting Complaints or Concerns Regarding Accounting, Internal Accounting Controls or Auditing Matters to the Board of Directors' Audit Committee

Employees or others who have a concern or complaint concerning CFNB's accounting, internal accounting controls, or auditing matters (for example, if it is believed that an accounting or auditing practice is questionable or incorrect), must submit their concern or complaint to the Audit Committee Chairman via private mailbox address, or email.

Audit Committee of the Board of Directors
California First Leasing Corporation
5000 Birch Street, Suite 500
Newport Beach, CA 92660
or
AuditCommittee@CalFirstLease.com

The Audit Committee will promptly investigate any reports it receives of concerns or complaints about accounting, accounting controls, or auditing matters. The Chairman of the Audit Committee will determine the appropriate method to investigate the complaint.

An employee or other complainant may remain anonymous. If the person wishes their complaint to be kept confidential, any information they provide will be investigated on a confidential basis to the extent it is feasible to do so. There will be no retaliation against any person making good faith reports or complaints.

The results of all investigations will be reported to the Audit Committee and the results recorded in the minutes of its meetings. The Audit Committee shall have authority to direct any discipline it deems appropriate, up to and including dismissal of CFNB employees found to have engaged in wrongdoing.

Reporting Complaints or Concerns Regarding Illegal or Unethical Behavior or Violations of the Code of Ethics

Any illegal or unethical act or violation of the Code of Ethics should be reported to:

Glen T. Tsuma
Chief Operating Officer and Director
California First Leasing Corporation
5000 Birch Street, Suite 500
Newport Beach, CA 92660
Phone Number: 800-496-4640

A report can be submitted anonymously or on a confidential basis. If the report is submitted on a confidential basis, the reporting person's name will not be disclosed in CFNB's investigation, but CFNB may be required to disclose the person's name to government entities. Any report made in good faith shall not result in retaliation against the person making the report.

CFNB's Chief Operating Officer will promptly investigate all reports of violations of the Code of Ethics. Management shall have authority to direct any discipline deemed appropriate, up to and including dismissal of any CFNB employee found to have engaged in wrongdoing.