

VENTURE FINANCIAL GROUP, INC. CORPORATE GOVERNANCE GUIDELINES

The Corporate Governance & Nominating Committee of the Board of Directors has developed, and the Board has adopted, the following Corporate Governance Guidelines to assist the Board in the exercise of its duties and responsibilities to represent the best interests of Venture Financial Group, Inc. and its shareholders. These Guidelines are intended to serve as a flexible framework within which the Board may conduct its business, rather than a restrictive set of rules or legally binding obligations. These Guidelines should be interpreted and applied within the context of the Company's Articles of Incorporation, Bylaws and applicable state and federal laws and regulations relating to corporate governance. From time to time as the Board may deem appropriate in the best interest of the Company, or as may be required by applicable laws and regulations, the Board, upon recommendation by the Corporate Governance & Nominating Committee, may amend these Guidelines.

BOARD COMPOSITION

Size of the Board. The Board, through its Corporate Governance & Nominating Committee, will periodically review the membership of the Board to determine its appropriate size and composition and recommend such changes to the Board for consideration.

Majority of Independent Directors. A majority of the Board will be comprised of independent directors satisfying the definition of independence set forth in NASDAQ rules as well as other factors, including business and personal relationships with management, that will contribute to effective oversight and independent decision-making by the Board. However, this requirement will not prevent the Board from taking valid action, if, because of a temporary vacancy or vacancies on the Board, there are less than the required number of independent directors. The Corporate Governance & Nominating Committee will recommend candidate(s) to fill vacancies as promptly as possible. The Board will make the final affirmative determination of whether a member is independent.

Audit Committee Independence. The Corporate Governance & Nominating Committee will be responsible for determining whether all of the audit committee members are "independent" as may be required by securities rules and regulations and NASDAQ rules. The full Board, however, after consultation with the chairperson of the Corporate Governance & Nominating Committee, will be responsible for determining whether any of its members qualify as an "audit committee financial expert." The Corporate Governance & Nominating Committee will evaluate whether to re-nominate any existing director who may serve as the audit committee financial expert. The Corporate Governance & Nominating Committee, at the direction of the Board, will coordinate the screening of new director candidates and evaluating candidate qualifications to serve as an audit committee financial expert.

Management Directors. The Company's Chief Executive Officer will serve on the Board. The Board, at the recommendation of the Corporate Governance & Nominating Committee, may also appoint or nominate other members of management whose experience and role at

the Company are expected to help the Board fulfill its responsibilities. No more than two management directors may serve on the Board at the same time.

Designation of the Chairperson. At the annual meeting of the Board of Directors, the Board will appoint a Chairperson. Independent directors and the CEO will be eligible for appointment as the Chairperson.

Designation of the Lead Independent Director. If the Chairperson of the Board is not independent, the Chairperson of the Corporate Governance & Nominating Committee will be the Lead Independent Director, unless the Board designates another of the independent directors to serve as the Lead Independent Director. The Lead Independent Director will be responsible for coordinating the activities of the independent directors including periodically organizing and conducting separate meetings of the independent directors and facilitating communications with the Board. In performing these duties, the Lead Independent Director will consult with the chairperson of each Board committee and encourage their active participation to ensure the effectiveness of each committee.

Selection of Board Nominees. Each year the Corporate Governance & Nominating Committee will review the composition of the Board and the qualifications of eligible candidates for election in that year, including all current board members. The Board will consider potential nominees submitted by shareholders in accordance with such policies and procedures. After consultation with the CEO and the Chairperson, the Corporate Governance & Nominating Committee will recommend candidates to the Board for election by the shareholders at the annual shareholders meeting. The Board, through its Chairperson and the Chairperson of the Corporate Governance Committee, if they are different persons, together with the CEO, if different than the Chairperson of the Board, will extend formal invitations to prospective directors to join the Board.

Director Qualifications. The Company's policy is to encourage the selection of directors who as a group will possess diverse skills and knowledge in such areas as finance, marketing, management and technology that will contribute to the Board's overall effectiveness and the Company's overall corporate goals and responsibility to its shareholders. From time to time, the Corporate Governance & Nominating Committee will review the appropriate skills, talents and other characteristics required of Board members in the context of the current make-up of the Board. Director nominees will be selected on the basis of, among other criteria, business experience, integrity, understanding of the Company's business environment and willingness to devote adequate time to Board duties.

Term Limits. The Board does not impose any limits on the length of time a person may serve as a director except a policy of Mandatory Retirement at Age 70 (see Resolution 170-H). Because the Corporate Governance & Nominating Committee will review the continued service on the Board of each director, pre-determined term limits are not necessary. The continued service of each director on the Board depends on the future needs of the Board and the expected contributions by each individual to the Board. Further, the Board does not believe it is beneficial to the Company and its shareholders to lose the service of highly competent and productive directors simply because they have

exhausted an arbitrary term of service (except age 70 retirement).

Directors Who Change Job Responsibility; Retirement. If a director retires or materially changes his or her principal occupation or business association, such director will voluntarily offer to resign from the Board to provide the Corporate Governance & Nominating Committee the opportunity to review such director's continued service on the Board under the changed circumstances and the continued appropriateness of membership on the Board and any committees.

Board Compensation. The Board, through the Compensation Committee, will review, or request management or outside consultants to review, appropriate compensation policies for the directors serving on the Board and its committees. This review may consider board compensation practices of other similarly sized public companies, contributions to Board functions, service as committee chairs, and other appropriate factors. Executive Officers of the Company serving on the Board will not receive any additional compensation for serving as a director.

Stock Ownership Each non-employee director is required to own a meaningful number of shares of common stock. (Reference Approved "Profile of a Board Member.")

Conflicts of Interest. If an actual or potential conflict of interest develops, the director with the conflict will immediately report the matter to the Chairperson of the Audit Committee for evaluation. If the matter is significant and can not be resolved, such director will resign. If a director has a personal interest in a matter before the Board, such director shall excuse himself/herself from the discussion and vote on such matter.

Director Education. The Company will reimburse directors for the cost of attendance at pre-approved educational activities.

BOARD MEETINGS

Scheduling of Full Board Meetings. Board meetings will be scheduled in advance, ordinarily for a one-half day every month at the Company's principal executive office or such other location as the Board may approve. All Board members are expected to attend all meetings either in person or through teleconferencing. Teleconferencing would be an exception and not the standard method of attendance.

Agenda and Materials. The Chairperson will be primarily responsible for preparing the agenda for each meeting. Individual directors and committee chairs are encouraged to suggest items for inclusion on the agenda. Prior to each meeting, appropriate written information and background materials will be provided to each Board member. Each member is expected to review the agenda and related materials prior to the meeting. The Board has the authority to meet in executive sessions to discuss certain matters without distribution of written materials.

Independent Directors Discussions. At the direction of the Lead Independent Director, the independent members of the Board will meet separately without management directors at least annually to discuss such matters as the independent directors consider appropriate. The Company's independent auditors, outside counsel, internal auditor, finance staff and other employees may be invited to attend these meetings.

Board Presentations and Access to Information. From time to time, management may be requested to make presentations before the Board to provide additional insight into matters being discussed or to provide the Board with reports that will enhance the flow of meaningful financial and business information to the Board. Any reports or presentations that do not contain sensitive information, will be provided in written form to the Board members prior to the scheduled meeting.

Executive Officer Attendance. Except as otherwise may be determined by the Chairperson, the Board or the CEO, the Company welcomes the attendance of executive officers at all Board meetings.

Attendance at the Annual Shareholders' Meeting. All members of the Board of Directors are expected to be in attendance at each annual meeting of the shareholders.

BOARD COMMITTEES

Committees. The Board shall have a Loan Review Committee, an Audit Committee, Corporate Governance & Nominating Committee, and Compensation Committee, each with respective responsibilities as delineated in the committee charters approved by the Board. The Board, in its sole discretion, may establish other committees to aid the Board in its oversight responsibilities.

Committee Member Selection. The Corporate Governance & Nominating Committee, after consultation with the CEO and Chairperson of the Board and after considering the desires of individual members, will recommend to the full Board the appointment of certain members to each committee, endeavoring to match the function of the committee and its respective needs for expertise with individual skills and experience of the appointees to such committee. The Corporate Governance & Nominating Committee will recommend one member of each committee to the Board for approval as the chairperson of such committee. The membership of the Audit, Compensation and Corporate Governance & Nominating Committees will be comprised solely of independent directors as may be required by the securities regulations and as the term independence is defined in NASDAQ rules.

Committee Meetings. Each committee chairperson, after consultation with the committee members and subject to the requirements of its charter, will determine the frequency and content of committee meetings. At each full Board meeting, the committee chairperson, or a designated member of the committee, will report, either in writing or orally, on all matters acted upon by the committee at the last meeting or by consent action since the preceding full Board meeting.

Retention of Independent Advisors. The Board and any committee may retain outside consultants, experts and advisors as the Board or committee deem necessary to assist in evaluating any matter before the Board or committee, or such members responsibilities. If possible, the budget for these resources will receive prior approval from the Board of Directors or management.

ADMINISTRATIVE RESPONSIBILITY

Management Succession and Development Planning. The Board is responsible for the succession plan for the position of Chief Executive Officer. The CEO will be responsible for the succession planning of senior management and will report annually to the Board on such plan. To assist the Board, the report will include an assessment of the senior managers and the potential for such person(s) to succeed the CEO or other senior management. Additionally, the Board, in consultation with the CEO, will establish on a continuing basis a short-term succession plan which temporarily delegates authority of certain officers in the event, all or a portion of senior management are unable to perform their respective duties. This short-term succession plan will provide the Board time to consider the situation and take appropriate action.

Review of Board Performance. In conjunction with its annual review of the composition of the Board and the qualifications of its members, the Corporate Governance & Nominating Committee will review the overall effectiveness and performance of the Board as a whole, discuss such review with the Board and recommend for Board approval appropriate changes the Corporate Governance & Nominating Committee believes will improve the effectiveness of the Board.

Selection and Evaluation of the CEO. The Board, with input from the Compensation Committee, will be responsible for selecting the CEO. The Compensation Committee will be responsible for evaluating the performance of the CEO. Using evaluation criteria established in consultation with the CEO, the Compensation Committee will meet at least annually to evaluate the performance of the CEO and will report its findings and recommendations to the Board. The chairperson of the Compensation Committee will share and discuss the annual evaluation with the CEO.

Financial Reporting, Legal Compliance and Ethical Conduct. The governance and oversight functions of the Board do not relieve executive management of its primary responsibility for preparing financial statements which accurately and fairly present the financial results and condition of the Company. Executive management shall maintain systems, procedures and a corporate culture that promote compliance with legal and regulatory requirements and the ethical conduct of the Company's business.

Corporate Communications. Executive management has the primary responsibility to communicate with investors, shareholders, the press, employees and other constituencies that are involved with the Company.

Code of Conduct. The Board, in consultation with senior management, will be responsible for establishing a written Code of Business Conduct. The Corporate Governance & Nominating Committee will be responsible for policing and enforcing the adopted Code of Business Conduct and will report all known violations or waivers of such code to the Board. The Code of Business Conduct will be accessible on the Company's investor relations web site.

Internal Controls over Financial Reporting. The CEO and CFO will be responsible for the design, maintenance and evaluation of internal controls and procedures intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Audit Committee will oversee the maintenance and evaluation of the internal controls, procedures and policies.

Disclosure Controls and Procedures. The CEO and CFO will be responsible for the design, maintenance and evaluation of controls and procedures to ensure that management, the Audit Committee and the Board receive material information regarding the Company in a timely manner and that such information is complete and accurate. To satisfy this responsibility, the CEO and CFO shall organize a Disclosure Committee that may be comprised of company personnel, officers, or non-employee consultants. The Disclosure Committee will operate under the supervision and direction of, and report directly to, the CFO. The Audit Committee will review the disclosure controls with the CEO and CFO and the Disclosure Committee. The Audit Committee will oversee the maintenance and evaluation of the disclosure controls, procedures and policies.

Adopted _____, 2005