



EMPLOYEE CODE OF CONDUCT

The reputation and integrity of Howard Bank (the “Company”) are valuable assets that are vital to the Company’s success. Each employee of the Company, including each of the Company’s officers, is responsible for conducting the Company’s business in a manner that demonstrates a commitment to the highest standards of integrity.

The purposes of this Employee Code of Conduct (the “Code”) are to focus employees on areas of ethical risk, provide guidance to help employees recognize and deal with ethical issues, provide mechanisms for employees to report unethical conduct and foster among employees a culture of honesty and accountability. No code of conduct can replace the thoughtful behavior of an ethical employee. Accordingly, dishonest or unethical conduct or conduct that is illegal will constitute a violation of this Code, regardless of whether the Code specifically addresses such conduct.

Implementation and Oversight of This Code

The Company’s Board of Directors (the “Board”) is ultimately responsible for the implementation of this Code. The Board has designated the Governance, Nominating and Compensation Committee (the “Governance Committee”) to administer this Code. The Governance Committee shall designate an officer with sufficient seniority and stature within the organization to be the compliance officer (the “Compliance Officer”) to assist in administration of the Code. Unless and until the Governance Committee designates another officer, the Chief Executive Officer shall be the compliance officer.

Questions regarding the application or interpretation of this Code are inevitable. You should feel free to direct questions to the Compliance Officer.

Statements in this Code to the effect that certain actions may be taken only with the “Company’s approval” mean that the Compliance Officer or, as appropriate, the Governance Committee must give prior written approval before the proposed action may be undertaken.

You should read this Code in conjunction with all of the Company’s other policy statements, including, for example, the Company Insider Trading Policy.

Failure to comply with this code shall be grounds for termination of employment for cause. We will ask you to certify on an annual basis that you are

in full compliance with this Code and, in the discretion of the Compliance Officer, with related policy statements.

Employees who learn of or suspect that a violation of the Code has occurred or is likely to occur should immediately report the violation to the Compliance Officer, another member of the Company's senior management or to the Governance Committee. Employees who report violations or suspected violations in good faith will not be subject to retaliation of any kind. Reported violations will be investigated and addressed promptly and will be treated confidentially to the extent possible.

Requests for a waiver of a provision of the Code of Conduct must be submitted in writing to the Compliance Officer through your immediate supervisor, a reasonable period in advance of the proposed conduct for appropriate review. Any waiver with respect to an executive officer must be approved by the Board, and, where helpful to the Board, upon prior review and recommendation of the Governance Committee. In some circumstances the Company must by law or regulation disclose to its shareholders a waiver and/or amendment of this Code.

Compliance with Law and Regulations

A variety of laws, some of which carry criminal penalties, apply to the Company and its operations. These laws include, but are not limited to, federal and state laws relating to the Company's business, including federal banking, employment and occupational safety laws, and its status as a public company. Examples of criminal violations of the law include, among others:

- Making false or misleading disclosures in documents filed with the Securities and Exchange Commission (the "SEC");
- Trading on inside information;
- Stealing, embezzling or misapplying the Company's funds;
- Using threats, physical force or other unauthorized means to collect money; or
- Making a payment for an expressed purpose on the Company's behalf to an individual who intends to use it for a different purpose.

The Company must, and will, report all suspected criminal violations to the appropriate authorities for possible prosecution, and will investigate, address and report, as appropriate, non-criminal violations.

Avoidance of Actual, Potential or Apparent Conflicts of Interest

The Company requires you to conduct your outside associations and personal business, financial and other relationships in a manner that will avoid any actual, potential or apparent conflict of interest between yourself and the Company. The term “outside association” refers to any affiliation, association, interest or employment that you have with an entity other than with the Company, except those associations specifically approved by and entered into in connection with your employment by the Company. It is impractical to conceive of and set forth rules that cover all situations in which a conflict of interest may arise. The basic factor in all conflict of interest situations is, however, the division of loyalty or the perception of a division of loyalty, between the Company’s best interests and your interests. Guidelines with respect to some sensitive areas in which actual, potential or apparent conflicts of interest are likely to occur are set forth below.

Business Relationships

You may have a conflict of interest if you, a member of your family or your business partner owns or has a substantial direct or indirect investment in an entity with which the Company has or is likely to have a business relationship or with which the Company competes or is likely to compete. Investments in small amounts of stock or bonds (and under any circumstances no more than 5% of the outstanding shares or debt issuance) of a large publicly-held corporation should not, without more, give rise to any conflict of interest. The question of when an investment may become so substantial as to possibly affect or appear to affect your judgment is largely dependent on the particular circumstances and must be addressed on a case-by-case basis.

A conflict of interest may also arise when you, a member of your family or your business partner holds a position as director, officer, employee or partner of or consultant, broker, finder or intermediary with an entity with which the Company has or is likely to have a business relationship or with which the Company competes or is likely to compete. In addition, a conflict of interest may arise if you, a member of your family or your business partner incurs significant indebtedness to an entity whose business may be affected by actions you take on behalf of the Company.

Any associations, interests and business relationships that you have that might cause you to act in ways that are not in the best interests of the Company, or that might be perceived to cause divided loyalties, will be permitted only with the Company’s approval. In some circumstances, a relationship will only be permitted if the proposed transaction is competitive and/or fairly bargained for. Notwithstanding the foregoing, a transaction between the Company and any of your outside associations will be permitted if it is first reviewed, approved and

reported in the manner prescribed by this Code, or otherwise established by the Governance Committee or Compliance Officer.

The Company recognizes that members of your family may be or become employed by another financial institution. While such employment by itself will not constitute a conflict of interest, such employment shall be disclosed by you to the Compliance Officer. In such instances, you must be particularly sensitive to the potential for conflicts of interest and to the requirements for handling confidential information.

Gifts and Business Entertainment

You may not, without the Company's approval, solicit, accept, or agree to accept anything of value for the benefit of any person from anyone doing or seeking to do business with the Company, including borrowing money, purchasing property, or furnishing property or services to the Company, except as expressly permitted by this Code.

The purpose of business entertainment and gifts in a commercial setting is to create good will and sound working relationships, not to gain unfair advantage with customers. No such gift, entertainment, or payment should be offered, given, provided, or accepted by any employee, family member of an employee, or director unless it (1) is not a cash gift, (2) is consistent with customary business practices, (3) is not excessive in value, (4) cannot be construed as a bribe or payoff, and (5) does not violate any laws or regulations.

Exceptions to the general prohibition regarding the acceptance of things of value include:

- Acceptance of gifts, gratuities, amenities, or favors based upon family or personal relationships (e.g., from a parent, child, or spouse) when the circumstances make it clear that those relationships, rather than the business of the Company, are the motivating factors.
- Acceptance of meals, refreshments, travel arrangements, accommodations, or entertainment, all of reasonable value, in the regular course of a meeting or other occasion, the purpose of which is to hold bona fide business discussions or to foster better business relationships; provided that any such expenses would have been a legitimate business expense paid by the Company if not paid by another party.
- Acceptance of loan and other services from other banks or financial institutions on customary terms for usual activities, such as home mortgage loans, automobile loans, or other

consumer purpose loans and financial advisory services except where prohibited by law.

- Acceptance of advertising or promotional material of nominal value, such as pens, pencils, note pads, key chains, calendars, and similar items.
- Acceptance of discounts or rebates on merchandise or services that do not exceed those available to other customers.
- Acceptance of gifts of reasonable value related to commonly recognized events or occasions, such as promotion, new job, wedding, births, retirement, Christmas, or bar mitzvah; provided that the total value of all such gifts given by the same person or organization to any employee does not exceed \$250 during any calendar year.
- Acceptance of civic, charitable, educational, or religious organizational awards for recognition of service and accomplishment.

On a case-by-case basis, the Company may approve of other circumstances, not identified above, in which an employee may accept something of value in connection with the Company's business, provided that such approval is made in writing on the basis of a full written disclosure of all relevant facts and is consistent with the Bank Bribery Act. Any employee of the Company may seek permission to accept something of value in connection with the Company's business under circumstances other than the exceptions identified above. If you are uncertain as to the propriety of a gift, you must seek the written approval of the Compliance Officer before accepting it. Requests should be made to the Compliance Officer accompanied by a written disclosure of all relevant facts.

Any employee of the Company who is offered or receives something of value beyond what is authorized in this section shall disclose that fact to the Compliance Officer.

Outside Activities/Employment

Any outside association, including activities with other entities, should not encroach on the time and attention you are expected to devote to your duties and responsibilities to the Company, adversely affect the quality or quantity of your work product or entail your use of any of the Company's assets, including its real and personal property, or imply (without the Company's approval) the Company's sponsorship or support. In addition, under no circumstances are you permitted to compete with the Company or take for yourself or your family

members any business opportunity that belongs to the Company that you discover or that is made available to you by virtue of your position with the Company.

Employees also may be prohibited by law from participating in “interlocking affiliations,” that is, dual service, in the following areas:

- As a director, officer or employee of any commercial bank, banking association, trust company or savings bank, credit union or the holding company for any of these financial institutions.
- As a director or officer of a registered public utility holding Company or subsidiary thereof.

You are prohibited from taking part in any outside employment or interlocking affiliation without the Company’s prior approval.

Civic/Political Activities

The Company supports your participation in civic and charitable activities so long as such participation is balanced with the time and attention that you are expected to devote to your traditional duties and responsibilities to the Company. You are to conduct any such activities in a manner that does not pre-commit the Company or its assets.

Resolution of Conflicts

In all cases, actual, potential or apparent conflicts of interest must be handled in an ethical manner; meaning they must be fully disclosed and considered prior to being resolved. The Compliance Officer or, where appropriate, the Governance Committee will handle all questions of actual, potential or apparent conflicts of interest that involve you. Employees are encouraged to consult with the Compliance Officer as soon as possible upon learning of a relationship, arrangement, or transaction that could result in a conflict of interest. The Compliance Officer and, as appropriate, the Governance Committee, may determine, upon review of all relevant facts, that the conduct does not amount to a conflict of interest, or may provide guidance to avoid a conflict from developing. An actual, potential or apparent conflict of interest may be resolved in a number of ways, including, for instance, in the case of an outside association, determining that you must be restricted from certain company activities involving the association, or determining that the Company should not enter into a business relationship with the association.

Full, Fair, Accurate and Timely Disclosures by the Company to the Public

If you participate, directly or indirectly, in the preparation of the financial and other disclosures that the Company makes to the public, including in its filings with the SEC or by press release, you must, in addition to complying with all applicable laws, rules and regulations, follow these guidelines:

- Act honestly, ethically and with integrity.
- Comply with this Code.
- Endeavor to ensure full, fair, timely, accurate and understandable disclosure in the Company's filings with the SEC.
- Managers should, through leadership and communication, make sure that employees of the Company understand the Company's obligations to the public and under the law with respect to its disclosures, including that results are never more important than compliance with the law.
- Raise questions and concerns regarding the Company's public disclosures when necessary and ensure that such questions and concerns are appropriately addressed.
- Provide the Company's directors, employees, consultants and advisors involved in the preparation of the Company's disclosures to the public with information that is accurate, complete, objective, relevant, timely and understandable.
- Act in good faith, responsibly and with due care, competence and diligence, without misrepresenting material facts or allowing your independent judgment to be subordinated by others.
- Proactively promote honest and ethical behavior among peers in your work environment.
- Achieve proper and responsible use of and control over all Company assets and resources employed or entrusted to you.
- Record or participate in the recording of entries in the Company's books and records that are accurate to the best of your knowledge.
- Comply with the Company's disclosure controls and procedures and internal controls and procedures for financial reporting.

Fair Dealing

Each employee should deal fairly and in good faith with the Company's customers, suppliers, regulators, business partners and others. No employee may take unfair advantage of anyone through manipulation, misrepresentation, inappropriate threats, fraud, abuse of confidential information or other related conduct.

Delegation of Authority

Each employee, and particularly each of the Company's officers, must exercise due care to ensure that any delegation of authority is reasonable and appropriate in scope, and includes appropriate and continuous monitoring. No authority may be delegated to employees who the Company has reason to believe, prior to the delegation, may have a propensity to engage in illegal activities.

Handling Confidential Information

Employees should observe the confidentiality of information that they acquire by virtue of their positions at the Company, including information concerning customers, suppliers, competitors and other employees, except where disclosure is approved by the Company or otherwise legally mandated. Of special sensitivity is financial information, which should under all circumstances be considered confidential except where its disclosure is approved by the Company, or when it has been publicly available in a periodic or special report for at least two business days. To extent there are any policies or agreements containing more specific or rigorous standards of confidentiality, employees must abide by those standards.