



EMPLOYEE COMPLAINT PROCEDURES FOR ACCOUNTING AND AUDITING MATTERS

Purpose

Any employee of Howard Bank (the “Company”) may submit a good faith complaint regarding accounting or auditing matters to the Company without fear of dismissal or retaliation of any kind. The Company is committed to achieving compliance with all applicable securities laws and regulations, accounting standards, accounting controls and audit practices. The Audit Committee of the Board of Directors of the Company will oversee treatment of employee concerns in this area.

In order to facilitate the reporting of employee complaints, the Audit Committee has established the following procedures for (i) the receipt, retention and treatment of complaints regarding accounting, internal accounting controls and auditing matters and (ii) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

Matters Covered by These Procedures

These procedures relate to any questionable accounting or auditing matters, including, without limitation, the following:

- Fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement of the Company.
- Fraud or deliberate error in the recording and maintaining of financial records of the Company.
- Deficiencies in or noncompliance with the Company’s internal accounting controls.
- Deviation from full and fair reporting of the Company’s financial condition.
- Misrepresentation or false statement to or by a senior officer or accountant regarding a matter contained in the financial records, financial reports or audit reports of the Company.
- Stealing or misappropriation of the Company’s or its customers’ funds or assets.

Reporting Responsibility and Procedures

Employees who become aware of any actions or behavior described above have the right and responsibility to report such incidents to one or more of the following:

- Your immediate supervisor*
- Executive Vice President and Chief Financial Officer*
George C. Coffman
Telephone 410-750-0020, extension 225
Email gcoffman@howardbank.com
- Chief Executive Officer*
Mary Ann Scully
Telephone 410-750-0020, extension 222
Email mascully@howardbank.com
- Chair of Audit Committee
Steven W. Sachs, Director
Telephone 410-964-5800
Email Steve.Sachs@HRH.com

***If the issue involves one or more of these individuals, you must bring the matter directly to the attention of the Chair of the Audit Committee.**

Written complaints may be submitted by mail or other means of delivery to the Company's headquarters. The envelope should be sealed, marked "Private and Strictly Confidential" and addressed to one of the above individuals. Those sent to the Chair of the Audit Committee should be marked "Attention: Chair of the Audit Committee" and shall be promptly forwarded unopened to the Chair.

The Chair of the Audit Committee shall be notified of all such complaints by any of the other individuals receiving such reports. A copy of any written complaint shall be forwarded to the Chair of the Audit Committee.

Employees may make such reports on an anonymous basis if they so choose. It should be understood that maintaining anonymity may hinder an effective investigation.

The complaint should be factual rather than speculative or conclusory and should contain as much specific information as possible to allow for proper assessment. The Chair of the Audit Committee may, in the Chair's reasonable discretion, determine not to commence an investigation if a complaint contains only unspecified or broad allegations of wrongdoing without informational support.

Confidentiality

All complaints made under these procedures will be handled with the maximum degree of confidentiality, and information will be shared only to the extent necessary to conduct a complete and fair investigation.

Non-Retaliation

The reporting of such action or behavior that an employee reasonably believes is inappropriate is important to the Company. Employees making such reports will be free from any retribution, retaliation or adverse effect in their employment.

Investigation and Resolution of Complaints

All complaints will receive immediate attention and, if appropriate, an investigation will commence as soon as practical commensurate with the risk assessment and exposure. As appropriate, internal and external resources will be employed to fully investigate the complaint. Complaints will be reviewed and investigated under the general direction and oversight of the Audit Committee acting through its Chair.

The Audit Committee, with the input of management if requested, will determine the validity of a complaint and any corrective action, as appropriate. Corrective and disciplinary actions may include, alone or in combination, a warning or letter of reprimand, demotion, loss of merit increase, bonus or stock options, suspension without pay or termination of employment, or such other actions as the Audit Committee determines appropriate.

Where possible and appropriate, the employee filing the complaint will be contacted upon completion of the investigation and informed of the resolution.

Reporting and Retention

On at least a quarterly basis, the Chair of the Audit Committee will report to the Audit Committee the receipt of any such complaints and the current status of the investigation and disposition at the conclusion of the investigation.

The Chair of the Audit Committee will maintain a log of all complaints, tracking their receipt, investigation and resolution. Copies of complaints and such log will be retained as part of the records of the Audit Committee for at least five years and otherwise in accordance with law and the Company's document retention policy.

Employee Communication

These procedures will be communicated to all employees by incorporating a copy into new employee orientation materials and the employee handbook. A copy of this policy shall be signed by each employee and retained on file to evidence such communication.