

EXCESSIVE OR LUXURY EXPENDITURES POLICY

This policy fulfills the requirements under the American Recovery and Reinvestment Act of 2009 (ARRA) enacted February 17, 2009. ARRA requires each recipient of funds under the Capital Purchase Program (CPP) of the Troubled Assets Relief Program (TARP) to have in place a company-wide policy regarding excessive or luxury expenditures, as identified by the Secretary of the Department of the U.S. Treasury.

Howard Bancorp, Inc. (the "Company") and its subsidiary, Howard Bank, prohibit excessive or luxury expenditures on entertainment and events, office or facility renovations, aviation or other transportation services or other activities or events that are not reasonable expenditures for conferences, staff development, reasonable performance incentives or other similar measures conducted in the normal course of business operations. This policy applies to all employees, officers and directors of the Company and its subsidiaries.

Renovations:

Renovations of facilities and office spaces should be relative to the approved project and currently approved operating budget/Financial Plan. An exception to this can be allowed if management must deal with an emergency situation, such as an act of nature, and the expenditure is necessary to make the facility operational for customer use.

At no time should renovations be done that would have the appearance of being extraordinary, or excessive from a shareholder perspective.

Entertainment:

Entertainment is defined as an activity where an employee, officer or director would use corporate funds for business development purposes relating to a current customer(s) or prospective customer(s) or to further enhance the Company's marketing efforts.

Our policy is that all expenses incurred by the Company would be for Company purposes, and used to generate new or retain existing business for the Company. The normal business development activities of taking customers or prospects on short trips, playing or attending various sporting activities, sharing meals, and taking them to other local events that the customer/prospect would find pleasurable are a necessary part of the Company's marketing efforts and are not deemed as "excessive entertainment" or a violation of this policy. Although not requiring prior approval, these expenses should be documented and detailed as to the customer/prospect's name, the purpose of the activity, and any benefit derived by the Company, as is required under the existing process for reimbursing employees/executives for out of pocket expenditures.

Events and parties focused on customers for the purpose of attracting or retaining their business are considered normal and necessary. These customer-focused events would fall under this policy, and should be held within the current geographic marketplace of customers, and generally would not include travel or lodging related expenditures.

Conferences:

We encourage our staff to attend conferences that are appropriate educational opportunities. These conferences should be related to the financial services industry and have a direct correlation to their job. At times it may be appropriate that a spouse would travel to these conferences with Company attendees. Typically these conferences are sponsored by vendors, banking associations, or other industry related entities. Prior to registering for any conference, employees and officers should provide an overview of the conference agenda and or content and receive prior written approval of the expenditure from a senior or executive officer.

Employee Recognition Events and Holiday Parties:

Employee recognition events and holiday parties are part of an employee appreciation process. Such an event should be local in geographic nature and should not cost the Company more than an average day's gross payroll. Prior to such an event, the nature and purpose of the event should be documented, and written approval must be obtained by a senior or executive officer.

Board Retreats:

Board retreats should only be used for educational purposes and should be held in consideration of, and looked at in the same view and discretion as, all other expenses. Board education is a vital part of developing and maintaining a dynamic director base, and this policy does not limit a retreat that is focused on strategic planning or education.

Aviation Services:

Transportation for Company staff to outlying locations, including Company locations, conferences, business development purposes and merger and acquisition research, should be conducted in the most cost appropriate way for the Company. The accounting department will conduct, when appropriate, an analysis of trips to determine which mode of transportation is the most appropriate for the Company. Modes of transportation to be used for the analysis, for example, may consist of vehicle, commercial air service and, in rare and extraordinary circumstances with prior approval, the use of private air service. A transportation analysis will factor in cost, efficiency and timeliness of travel. In the case of commercial or private air service, the travel costs must be approved in advance by a senior or executive officer.

Policy Administration and Compliance:

The CFO is responsible for the day-to-day administration of this Policy, and the CEO is accountable for overall adherence to this Policy and must approve any exceptions. In situations where spousal travel and attendance is considered appropriate and normal, and is pre-approved by the CEO, the company will incur the additional expense relating to the travel and lodging of the employee's spouse to conferences and Company sponsored events. Strict adherence to this Policy is mandated for all Company

employees, officers and directors. Any violation of this Policy must be promptly reported to the CFO or the CEO and all such violations shall be reported to the Governance and Nominating Committee of the Board of Directors at its next subsequent meeting. Violations of this Policy may result in disciplinary action up to and including termination of employment. Following any approval of private air services by the CEO, the CFO and the CEO shall certify that such approval was obtained and such certification shall be maintained in the Company's corporate records.

This policy and any amendments hereto, shall be posted on the Company's Internet website and provided to the U.S. Department of the Treasury and the appropriate regulatory authorities.