



NON-EMPLOYEE DIRECTOR CODE OF CONDUCT

The reputation and integrity of Howard Bank (the “Company”) are valuable assets that are vital to the Company’s success. Each director of the Company 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 Code of Conduct (the “Code”) are to focus directors on areas of ethical risk relating to their role as director, provide guidance to help directors recognize and deal with ethical issues, provide mechanisms for directors to report unethical conduct and foster among directors a culture of honesty and accountability. No code of conduct can replace the thoughtful behavior of an ethical director. 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.

It is the intent of this code to apply the same high standards of integrity and ethics to directors as are applied to officers and employees. Because inside directors are subject to the Howard Bank Employee Code of Conduct, this Code shall apply only to non-employee directors.

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. Unless determined otherwise by the Board, the Chairman of the Governance Committee shall be the Compliance Director (the “Compliance Director”) to assist in administration of the Code. The Compliance Director may consult with other members of the Governance Committee, other members of the Board, and in-house or outside counsel, as appropriate. You should feel free to direct questions to the Compliance Director.

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

Directors 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 Director. Directors 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.

Alleged violations of the Code shall be investigated as appropriate by the Compliance Director or, where appropriate, the Governance Committee, and may result in discipline and other action in the discretion of the Board upon recommendation of the Governance Committee, including, where appropriate, removal from the Board.

Requests for a waiver of a provision of the Code must be submitted in writing to the Compliance Director a reasonable period in advance of the proposed conduct for appropriate review. Any waiver 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 disclose to its shareholders a waiver and/or amendment of this Code.

The Audit Committee will be responsible for the review and approval of all “related-party transactions,” as that term refers to transactions required to be disclosed by Item 404 of Regulation S-K.

Compliance with Law and Regulations

A variety of laws applies to the Company and its operations, and some carry criminal penalties. These laws include, but are not limited to, federal and state laws relating to the Company’s business, including federal banking and occupational safety laws, and its status as a public corporation. 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

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.

Conflicts of Interest, Corporate Opportunities

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 in respect of your role as a director of the Company. The term “outside association” refers to any affiliation, association, or interest that you have with an entity other than with the Company. It is impractical to conceive of and set forth rules that cover all situations in which a conflict of interest may arise in respect of your role as a director. The basic factor in all conflict of interest situations is, however, the division of loyalty or the perception of a division of loyalty, between you in performing your duties as a director of the Company, and your personal and other interests.

Company Opportunities

One example of a way in which a conflict of interest may arise is if you are introduced to a business opportunity as a result of your role as a director of the Company. Under applicable laws, such opportunities belong to the Company and its shareholders and may not be taken or pursued by a director personally without an appropriate waiver by the Company.

Directors may also 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.

Directors are prohibited from taking part in any outside employment or interlocking affiliation without the prior approval of the Board of Directors. It is the policy of the Company that even interlocking affiliations permitted by law are generally discouraged

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 loans and other services from other banks or financial institutions on customary terms for proper and 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 director 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 a director 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 director 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 Director before accepting it. Requests should be made to the Compliance Director accompanied by a written disclosure of all relevant facts.

Any director 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 Director.

Resolution of Conflicts

In all cases, actual, potential or apparent conflicts of interest in respect of your role as a director of the Company must be handled in an ethical manner; meaning they must be fully disclosed and considered prior to being resolved. The Compliance Director or, where appropriate, the Governance Committee will handle all such questions of actual, potential or apparent conflicts of interest that involve you. Directors are encouraged to consult with the Compliance Director as soon as possible upon learning of a relationship, arrangement, or transaction that could result in a conflict of interest with the performance of your duties as a director of the Company. The Compliance Director 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, such as by your refusal from consideration and/or approval of specific matters that come before the Board, or, in the case of a potential corporate opportunity, a determination that the matter may not be pursued by the director, or a determination that the matter does not, in fact, involve a corporate opportunity.

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 and in other public communications.
- Raise questions and concerns regarding the Company's public disclosures when necessary and ensure that such questions and concerns are appropriately addressed.
- 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.
- Comply with the Company's disclosure controls and procedures and internal controls over financial reporting.

Handling Confidential Information

Directors 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 directors, except where disclosure is approved by the Company or otherwise legally mandated. Of special sensitivity is financial information, which under all circumstances should 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.