

# **MONROE BANCORP**

## **Code of Ethics for Executive & Financial Management**

### **Preface**

Monroe Bancorp (the “Bank”) has adopted the following rules to ensure that its business is conducted according to the highest standards of ethical conduct and in compliance with all applicable laws and regulations governing this industry. These rules apply to all members of the Executive Management group (including the Principal Executive Officer and the Principal Financial Officer) of the Bank and the VP Director of Finance / Principal Accounting Officer (“Executive Managers”).

### **Honest and Ethical Conduct**

Executive Managers will maintain the highest standards of honest and ethical conduct, including:

1. Encouraging and rewarding professional integrity in all aspects of the Bank, including in its business enterprise and its dealings with customers, shareholders, governmental organizations, and others.
2. Providing a mechanism to facilitate reporting of fraudulent behavior or other deviations from the Bank’s policies and procedures to senior management without fear of reprisal or alienation for making such a report.
3. Maintaining the confidentiality of certain information obtained during the course of employment with the Bank. This includes ensuring that confidential information regarding customers, employees, suppliers, and security operations is communicated to other Bank representatives on a “need to know” basis only and is used solely for the Bank’s purposes and not as a basis for making a profit or furthering a private interest.
4. Not engaging in any conduct or transaction that conflicts with the interests of the Bank. Specifically, an Executive Manager shall not accept a directorship of another corporation without approval of the Bank’s Board of Directors or its Executive Committee. Further, no Executive Manager will represent the Bank in any transaction with respect to which that Manager has any material connection or substantial financial interest. Without limiting the scope of the terms, a “material connection” includes the involvement of any family member or close personal friend; and “substantial financial interest” includes: (1) ownership of ten percent (10%) or more of the outstanding stock of a corporation; (2) any interest in a partnership; or (3) receipt of salary or other payments for services rendered from any organization.
5. Refraining from engaging in activities outside working hours, including other employment, that interfere with job performance or compromise the reputation of the Bank as a trusted financial institution.
6. Abiding by the provisions of the Federal Bank Bribery Law, prohibiting solicitation or receipt of anything of value with intent to be influenced or rewarded in connection with any transaction or business of the Bank.

### **Financial Records and Periodic Reports**

Executive Managers will establish, manage, and maintain the Bank's transaction and reporting systems and procedures to ensure:

1. Business transactions are properly authorized and recorded in accordance with generally accepted accounting principles and established Bank financial policy.
2. Business and financial records are retained or properly disposed of in accordance with the Bank's financial policies and applicable federal, state, and local laws and regulations.
3. Full, fair, accurate, timely, and understandable disclosure of information in Annual Reports and other financial reports made to the general public and SEC.

### **Compliance with Applicable Laws, Rules, and Regulations**

Executive Managers will establish and maintain mechanisms to:

1. Educate members of the Bank regarding any federal, state, or local statute, regulation, or administrative procedure that affects the operation of the Bank.
2. Monitor the Bank's compliance with all applicable federal, state, or local statutes, regulations, and administrative rules.
3. Identify, report, and promptly correct any deviation from applicable federal, state, or local statutes, regulations, and administrative rules.

### **Accountability for Adherence to this Code of Ethics**

The Board of Directors and the President and Chief Executive Officer of the Bank assume full responsibility and accountability for strict adherence to this Code of Ethics. Any suspected deviations from or violations of this Code must be promptly reported to either the Chairman of the Board or the President of the Bank. No retaliation or discrimination will result from any good faith report made in connection with this Code.

A thorough investigation of all reports will be conducted in as timely and confidential a manner as possible. Any employee of the Bank who has been found, after appropriate investigation, to have violated this Code of Ethics will be subject to disciplinary action up to and including discharge and appropriate legal action.

***Approved by the Monroe Bancorp and Monroe Bank Board of Directors, April 30, 2009.***