

FORBRIGHT, INC. AND FORBRIGHT BANK
CODE OF CONDUCT AND ETHICS FOR DIRECTORS

The respective Boards of Directors of Forbright, Inc. (the “**Parent**”) and Forbright Bank (the “**Bank**”) (together, “**Forbright**”) have adopted this Code of Conduct and Ethics (the “**Code**”).

PURPOSE AND SCOPE

Forbright is committed to conducting its business in compliance with applicable laws, rules and regulations and consistent with high standards of professional integrity and business ethics. This Code is intended to focus Directors on areas of ethical risk, provide guidance to Directors to help them recognize and deal with ethical issues, provide mechanisms to report unethical conduct, and help foster a culture of honesty and accountability.

This Code applies to individuals serving as a director of either the Parent or the Bank (each, a “**Director**”). Each Director must comply with the letter and spirit of this Code.

When this Code refers to the Board of Directors, any such reference is to the Board on which the Director is a member. If a Director is a member of the Boards of both the Parent and the Bank, then references to the Board include the Boards of both the Parent and the Bank.

COMPLIANCE WITH LAW; RELATIONSHIP WITH OTHER REQUIREMENTS

Directors are required to comply with applicable laws, rules, and regulations. Adherence to this Code does not eliminate or reduce the need to comply with other legal, regulatory, or internal requirements that may govern a transaction, relationship, or situation. Some examples of other sources of potentially applicable requirements include:

- Regulation O and Forbright’s *Regulation O Policy*, which governs certain extensions of credit to, or for the benefit of, insiders and their related interests (including Directors);
- Federal Bank Bribery Act, which generally prohibits institution-affiliated parties (including Directors) from (i) soliciting for themselves or for a third party (other than the bank itself) anything of value from anyone in return for any business, service or confidential information of the bank or (ii) accepting anything of value (other than bona fide salary, wages and fees referred to in 18 U.S.C. 215(c)) from anyone in connection with the business of the bank, either before or after a transaction is discussed or consummated;
- Forbright’s *Related Party Transactions Policy*, which imposes additional requirements with respect to certain transactions or relationships with, or for the benefit, of related parties of Forbright (including Directors); and

- Depository Institutions Management Interlocks Act and Maryland Financial Institutions Code 5-511, which generally prohibit an individual (subject to certain exceptions) from serving simultaneously as a director or management official of unaffiliated banking organizations.

In addition, any Director who is an employee of Forbright must also comply with the requirements applicable to employees.

If there is a difference between this Code and another source (such as laws, rules, regulations, or other Forbright policies and procedures) with respect to a given situation, then the more restrictive limitations and requirements will apply.

BOARD RESPONSIBILITIES; DIRECTOR DUTIES

The Board is responsible for selecting, monitoring, evaluating, and ensuring the competency of management; establishing business strategies and policies; monitoring and assessing the progress of business operations; overseeing the implementation of and compliance with policies and procedures required by statute, regulation, and principles of safety and soundness; and making business decisions on the basis of informed and meaningful deliberation.

In performing these functions, each Director should act in a manner consistent with a duty of care and a duty of loyalty. The duty of care requires a Director to act as prudent and reasonable business person in his or her conduct as a director. The duty of loyalty requires each Director to act in good faith and in Forbright's best interests, not in the interests of the Director, a family member of the Director, or an organization with which the Director is affiliated. A Director should respond honestly and candidly when dealing with Forbright's independent and internal auditors, regulators, and attorneys.

CONFLICTS OF INTEREST

A conflict of interest may exist when a Director's personal interest interferes, or has the potential to interfere, with the interests of Forbright. Conflicts of interest can arise in a wide variety of ways. Examples of situations involving a conflict of interest include the following.

- *Financial conflicts.* A financial conflict of interest is a situation where a Director, a family member, or outside business interest stands to gain or lose financially from a decision he or she is being asked to make as a member of the Board.
- *Non-financial conflicts.* A non-financial conflict of interest is a situation where a Director, a family member, or outside business interest is affected in some non-financial way that might make him or her biased or predisposed to a particular position.
- *Conflict based on roles.* A conflict based on roles can arise in any situation where a person is a decision-maker for two different organizations about the same matter. Conflicts based on roles often involves questions about conflicting duties.

- *Bias or predetermination.* Bias or predetermination is a situation where a Director is making a decision about a matter and a reasonable observer may believe that the Director arrived at her or her decision prior to considering all of the facts and circumstances for reasons unrelated to the best interest of Forbright. This type of conflict could arise because of something the person has previously said or done.

Directors should avoid not only actual conflicts of interest, but also situations in which a reasonable observer would perceive the appearance of a conflict of interest. If an actual or apparent conflict of interest arises, a Director should promptly disclose the actual or apparent conflict (including all facts materially relevant to an informed understanding of the conflict) to the Chairman of the Board or the Chief Legal Officer. Depending on the facts and circumstances of the situation, the Chairman of the Board, in consultation with the Chief Legal Officer, shall develop appropriate steps to avoid or mitigate risk associated with the actual or apparent conflict. Such steps may include disclosure to the full Board the existence and materially relevant facts related to the conflict, recusal of the conflicted Director from Board discussion or decision-making on the matter, a requirement that the decision be approved by a majority of the unconflicted Directors, and/or referral of the matter to a committee of the Board comprised solely of unconflicted Directors. Such steps shall be reflected in the minutes of the Board.

Subject to compliance with Regulation O and Forbright's policies thereunder, the requirements in this section of this Code shall not apply to a Director (or family member) who obtains usual and customary banking products or services on the same terms and conditions that are being offered by Forbright to the general public.

CONFIDENTIAL INFORMATION

Directors should maintain the confidentiality of information they receive in the role as a director. Confidential information obtained by a Director in his or her role as a director of Forbright (including information related to customers, clients, and counterparties) must not be used or disclosed for any reason other than the intended purpose and must be protected from misuse that could result in identity theft or in any violation of law.

QUESTIONS; VIOLATIONS

No code or policy can anticipate every situation that may arise or replace the thoughtful behavior of ethical directors. Directors are encouraged to bring questions about particular circumstances that may implicate one or more of the provisions of this Code to the attention of the Chairman of the Board or the Chief Legal Officer.

Every Director is expected to engage in and promote honest and ethical conduct and abide by this Code and other policies and procedures that govern the conduct of the Forbright's business. A violation of this Code is a serious matter and may be grounds for removal from the Board. A Director who suspects a violation this Code should promptly report that information to Chairman of the Board or the Chief Legal Officer. An individual who make a good faith report of a suspected violation of this Code will not be subject to retaliation.

WRITTEN ACKNOWLEDGMENT

Each Director must sign a written acknowledgement that he or she has read, understands, and agrees to abide by this Code.